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TODAY'S SUMMARY

11,000 killed in Iran quake

Eleven thousand people have died so far in the earthquake which hit the town of Tabas in north-east Iran. The city's governor has warned that the death toll will be even higher if help does not reached the injured at once.

"Only 2,000 of the 13,000 inhabitants of the town survived," the official Pars news agency reported.

The city was at the centre of the 'quake, which measured seven degrees on the Richter scale. Forty villages in Khorassan province — near the Soviet and Afganistan borders — were razed and buildings swayed in Tehran, 430 miles away.

The city is without water and electricity. The Shah has sent in 700 troops. Aircraft and helicopters flying drugs, doctors and food into the area have had trouble landing because landing strips have been damaged. All the town's doctors were killed in the earthquake.

● Eighteen deputies walked out of Iran's Parliament yesday in a display of opposition to martial law restrictions aimed at halting anti-Shah demonstrations. The Majlis, Parliament's lower house, approved the six-month military clampdown in Tehran and 11 other major towns.

Premier Jaafar Sharif-Emami told Parliament that he had declared martial law to foil a Communist plot for violent unrest. Opposition deputies demanding an explanation of why troops fired at demonstrators last week have claimed that thousands were killed, but the Government say that only 110 death certificates have been issued.

GENERAL

Conscript violence predicted

violent black response to hodesian transitional governent plans to conscript blacks to the armed forces is pre-cted in Salisbury. The decision s announced by the Rev. Ndabaningi Sithole, chairman of executive council.

The move is likely to further ibitter relations between black tionalists involved in the ernal settlement and external ders of the Patriotic Front, ting chances of reconcilian remote. Page 2

orster rumours

confirmed reports about the alth of Mr. John Vorster, uth Africa's Prime Minister, e led to speculation about en he will retire, and who his cessor will be. Page 2

sylum plea

ptured Baader Meinhof mem- Astrid Proll has appealed to allowed to stay in the UK. says she fears for her life she is returned to Germany. is likely to appear in court ay to face extradition proceeds.

mes warning

es Newspapers is expected ay to warn that publication of Times, Sunday Times and three Times supplements l be suspended unless indusl discipline is guaranteed by ember 30. It is also expected distribute 90-day notice of undancy to staff. Page 6

F fears

nigrant and community ders have warned of possible cial clashes following the ional Front decision to move headquarters into London's st End.

d Black Eyes

nk Sinatra's bodyguards e involved in a weekend le with police and the press leathrow. One cameraman grabbed by the throat by one Sinatra's men, who snarled: t lost, or I'll tear ya nose off ace."

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00 weekly premium bond goes to Essex holder of 1 9XT 411096.

editor of Republican News been charged with concy to obstruct the course of ce and being an IRA ber.

lon Weekend Television has a Prix Italia award for the t programme MacMillan's erling.

holes are to be drilled in olnshire to reach natural hot r which could be used to housing estates and public ings.

BUSINESS

Ministers meet on currency scheme

● FINANCE MINISTERS of the Nine meet in Brussels today for the first round of serious bargaining on the practical realisation of the EEC's currency stabilisation plan.

At the meeting, the agreements reached by Germany's Chancellor Schmidt and France's President Giscard d'Estaing will be discussed. The agreements—so far secret—are believed to be about the exchange rate mechanism to be used to link currencies participating in the scheme, methods of intervention and the nature and size of the proposed European monetary fund. Back and Page 14

● UK ECONOMY could be checked by future large pay settlements, now that the consumer-led mini boom is showing signs of petering out, the London Chamber of Commerce has warned. In a report it says that there is a large gap between growth in average earnings and the rate of price inflation and that by next summer the higher earnings rate will be affecting prices. Page 6

● WAGES and earnings figures for August, to be published on Wednesday, are expected to show the change in basic wage rates for the first month under the Government's Phase Four 5 per cent guidelines. They will also confirm the outcome of the Phase Three wage policy. Page 6

● FRANCE'S trade balance, after six months of successive surpluses, has slipped back into deficit, seasonally adjusted, of FFr 1.06bn (£124m). Page 2

● EVIDENCE from building societies to the Wilson Committee inquiring into the City has firmly rejected claims that building societies enjoy an unfair advantage in attracting savings because they are less rigorously controlled than other fianancial institutions. Back Page

● POSTAL ENGINEERS have called off industrial action which has affected post and telegraph services for nearly 12 months, following endorsement of an agreement on a 37½-hour working week. Page 6.

● MANX LINE ferry service is expected to resume roll on-roll off freight services between Heysham and the Isle of Man today. The £7m freight and passenger service has operated only 14 days since its launch in June, and is estimated to have cost the company over £1m in lost revenues. Back Page

● ENERGY SECRETARY, Mr. Anthony Wedgwood Benn, has been sharply criticised for attempting to interfere in the management of the electricity supply industry, in particular the CEGB. Page 4

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New IMF call for economic growth

BY JUREK MARTIN, U.S. EDITOR: WASHINGTON, Sept. 17

THE International Monetary Fund has once again formally thrown its weight behind the cause of greater economic growth in the industrialised world.

Its annual report, released here today, endorses the blueprint suggested by Dr. Johannes Witteveen, the former managing director, at the meeting of the IMF's interim committee held in Mexico City last May.

This advocates a real annual growth rate of an average of 4½ per cent in each of the next two years — an appreciable improvement on the 3½ per cent achieved last year and unlikely to be exceeded in the present year.

Within this blueprint it is envisaged that the expansion of the U.S. economy should be below the 4-5 per cent range of the last couple of years.

This, the IMF says, would be "suitable" in view of the U.S. inflationary picture, the relative lack of slack in the U.S. economy and the need to trim the size of the U.S. current account deficit.

It implies, therefore, a much greater degree of growth in other key industrialised economies, most notably West Germany and Japan, but including those countries whose external payments positions have improved substantially of late, such as the UK.

The IMF blueprint recommends a real German expansion of 4.5 per cent per annum in 1979 and 1980, 7½ per cent in each of the two years for Japan and 3½ per cent for Britain.

The need for greater growth, the IMF report says, is derived from the existing substantial under-utilisation of resources, including high levels of unemployment, low rates of investment, the slow growth of world trade and the threat of protectionist trade measures.

The annual report, in its broad conclusions, finds that economic developments over the last year have been "unsatisfactory in some respects"—with the pace of domestic expansion, which had been satisfactory during the first year of recovery after the 1974-75 recession, "slow and uneven, contrary to earlier expectations."

The IMF expresses particular concern that the 1976-77 expansion in world trade fell to only 5 per cent in real terms, compared with 12 per cent in the previous year. This contraction in growth, the report argues, "was quite disproportionate to the concurrent deceleration in output," suggesting that cyclical factors may have been the principal cause.

Cyclical factors, the report believes, also explain at least part of the problem of low rates of capital investment. But, intriguingly, the IMF adds that "although evidence bearing out the issue remains ambiguous and uncertain, part of the problem is commonly believed to be more deep seated."

It says that there "appears to be a good deal of validity" to the view expressed by the business community that the root cause lies in lower corporate profits, brought on by uncertainties created by inflation, energy supplies, and costs, environmental regulations and fear of government intervention in the setting of wages and prices.

On the external payments front, the IMF predicts little change this year in the size of the U.S. current account deficit, although, in line with the forecasts of the Carter Administration, it agrees that progress in the direction of smaller deficits should be emerging by the end of the year.

Equally it doubts that the combined surpluses — some $22.5bn — of Germany, Japan and Switzerland will shrink much in 1978.

The collective surplus of the oil producing countries, however, is expected to show a large drop this year — to about $20bn from $30bn in 1977.

On the other hand, the collective deficit of the non-oil developing countries, which had contracted from $38bn in 1975 to $22bn last year, is likely to widen to $30bn in the current year — again in part because sluggish demand in the industrialised economies curtailed exports.

Apart from its recommendation that the surplus industrialised countries should do more on the growth side, the IMF report, as is its wont, declines to point other than the most discreet fingers at individual nations for the management of their economies and their exchange rate policies.

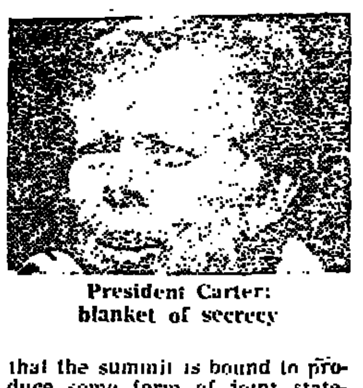
But, in a general comment on the latter, it does say that "what was disturbing about the major exchange rate changes over the last few months of 1977 and the early months of 1978 was not so much the nature of the realignment that took place, but the speed with which it occurred and the disorderly and uncertain exchange market conditions that characterised the period."

But though it cites "rumours, misunderstandings and other erratic influences," the report offers no prescription for improvement. Indeed the report stresses the need to get exchange rate fluctuations into perspective, noting that although the dollar had depreciated vastly against the yen and the D-mark its overall loss in value was not great and perhaps no more than compensation for previous movements.

Details Page 6

No let-up in secrecy at Summit

BY JUREK MARTIN WASHINGTON, Sept. 17.


President Carter: blanket of secrecy

THE Middle East Summit at Camp David entered its final hours today with no hard indication of whether the leaders of the U.S., Egypt and Israel were succeeding in working out a framework for continuing peace negotiations.

Mr. Jody Powell, President Carter's Press secretary, postponed a briefing scheduled for shortly after mid-day until "later this afternoon." No reason was given for the delay, although Mr. Powell passed word that "things are moving along."

This afternoon, President Carter conferred with Mr. Menahem Begin, the Israeli Prime Minister, but reportedly for only six minutes. He then began a second meeting of the day with President Anwar Sadat of Egypt.

Yesterday, President Carter had a 2½-hour afternoon meeting with President Sadat and one almost twice as long with Mr. Begin.

According to the official version, which may or may not be complete, Mr. Sadat and Mr. Begin have not sat together in Mr. Carter's presence since the third day of the summit.

This, combined with the extraordinary length of the discussions, has prompted the inevitable speculation that the summit has failed to break the deadlock on the fundamental issue of Israel's willingness to make any significant concession over its occupation of the West Bank and the Gaza Strip.

Deadline

Mr. Powell, however, refused to acknowledge this yesterday when he explained why President Carter imposed today's deadline for winding up the summit rather than allowing it to continue until a resolution was reached.

The decision to end the summit, Mr. Powell said, "simply grew out of a conclusion that everyone had come to—that all these issues had been thoroughly aired and explored."

Although admitting that "it is not possible to say at this time whether efforts to resolve the differences have been successful," he emphasised that the decision to end the summit was "not a result of despair."

Other unconfirmed reports trickling out of Camp David have suggested that President Sadat is downcast at the lack of progress, while Mr. Begin, who all along has said that the summit should be seen as only part of the longer term peace process, is correspondingly satisfied at the course of the negotiations.

It is also generally agreed that the summit is bound to produce some form of joint statement that will at least give the semblance of progress.

Mr. Powell has said that there would be "a document—maybe more than one"—when the talks conclude.

These could well constitute separate statements of where Israel and Egypt are on broad agreement—such as Israeli withdrawal from Sinai; and where they differ—presumably on the status of the territories occupied in the 1967 war and on the future of Jerusalem.

Reactions

Although President Sadat's public reactions to the summit are generally considered less predictable, it is assumed that both President Carter and Mr. Begin will at the very least want to leave the impression that the meeting has not been a failure.

Roger Matthews writes from Cairo: President Sadat intends to reveal the details of Israeli "intransigence" at a Press conference in Washington following the conclusion of the summit, according to the semi-official Cairo newspaper Al Ahram.

The paper claimed that any chances for success had been dashed by Israel's stance on the future status of the West Bank of the River Jordan, the Gaza Strip and Jewish settlements in the occupied Arab territories.

Egyptian newspapers were again united in their gloomy predictions on the outcome of the talks and efforts have begun in Cairo to show that public support remains with President Sadat.

Several thousand farmers demonstrated in the capital this morning shouting slogans supporting his peace efforts and further such organised events can be expected in the next few days.

However, it seems unlikely that President Sadat will return to Egypt for at least a week. Newspapers here say that he will remain in the U.S. until Wednesday and then visit both Austria and Morocco to explain his position.

Public employees seek to breach 5% limit in autumn pay battle

BY CHRISTIAN TYLER, LABOUR EDITOR

SECRET preparations for a battle with the Government over pay this autumn are being made by one of the biggest public service unions, the National Union of Public Employees.

Leaders of the 693,000, mainly low-paid, NUPE members employed by local authorities, hospitals, water authorities and the ambulance service are asking the union's area committees and divisional councils to draw up contingency plans for industrial action—in what appears to be a determined effort to break through the 5 per cent pay policy limit.

Union leaders are already likening the mood to that of 1970, when the six-week "dirty jobs" strike ended with a special inquiry and almost complete victory for the unions.

Tactics employed in 1970 are being considered again. They include: strikes of dustmen in big urban areas, strikes by street-sweepers, workers in sewage plants and gravediggers, and one-day strikes by school caretakers.

NUPE's decision, even ahead of formal preparation of a 30-40 per cent joint claim with the other unions, will give little comfort to Ministers who in the face of 30 major claims for 20-30 per cent rises, were again warning this weekend of the consequences of breaching their 5 per cent policy.

Mr. Denis Healey, the Chancellor, has told NUPE privately that pay levels "are best left to settlement by negotiation, subject to the guidelines in the White Paper."

NUPE's leaders, who plan a joint campaign on behalf of nearly 2m workers due for pay settlements between November 4 and mid-December, privately doubt that workers elsewhere—in electricity supply, the mining industry or Ford Motor, for example—will settle for 5 per cent and are determined not to be left behind.

They also doubt that their rank and file will heed the 5 per cent limit as they heeded the 10 per cent one last year.

With a likely joint target of £60 a week for the lowest paid—against less than £43 at present—to be agreed this week, the public service unions will argue further that the cost of correcting pay distortions alone amounts to about a 3 per cent increase.

On top of that, the Government has told local authorities that any wage drift from last year must be deducted from this year's 5 per cent settlement. That drift has been estimated at a further 0.7 per cent.

Mr. Alan Fisher, NUPE general secretary, told a rally in Newcastle-upon-Tyne at the weekend that the £60 target was supported by the TUC's pay resolution of two weeks ago.

He warned the Government of a serious winter of discontent. "If they are not prepared to depart from their rigid pay policy, it may lead to a major confrontation in the public sector."

Meanwhile, the Prime Minister said in Cardiff, where he was opening a transport workers' regional headquarters: "What I cannot tolerate are wages schemes that will add 30 per cent, or 60 per cent to the labour costs or the total costs of our production, and then pretend that I am going to keep down inflation."

If people wanted "massive rises" statutory rules could not stop them, he said. The Govern-

Continued on Back Page

Railmen press for shorter week Back Page

M & S credit scheme in demand

BY COLLEEN TOOMEY

THERE HAS BEEN a flood of applicants for the credit-card scheme launched by Marks and Spencer at the beginning of the month.

In the first 10 days, more than 18,000 application forms were taken from the six south-east London stores involved in the pilot scheme. So far, 2,500 have been cleared by the consumer credit company administering the scheme, Citibank Trust, which is part of First National Citibank.

The biggest response has come from the Croydon store, followed by Kingston-on-Thames and Reading. At least 250 application forms were taken from each store during the week and 500 on Saturday.

Each budget account customer receives an identity card and a "cheque-book" containing 20 cheques made payable to M. and S. No cheque can be made out for more than £50, though there is no limit on the number of cheques that can be used in a store.

The system is based on the revolving credit principle — so that customers can use cheques worth up to 30 times what they subscribe each month. As they pay one debt they can take on another as long as the limit is not exceeded.

This is the first time M and S has given customers credit. The company, which had sales of £1.25bn last year, is still refusing to accept Access and Barclaycard, the two principal credit card companies in the UK.

Under the Citibank scheme, an interest rate charge of 1.65 per cent a month is made on anything borrowed by customers who have bank accounts and who can pay by bankers' orders. Where cash is used there is a 1.85 per cent charge.

Customers who are in credit are paid an interest rate of 5 per cent.

Barclaycard and Access, which are still negotiating with M and S, have so far offered a 2 per cent charge on turnover from the card transactions and 1.5 per cent if turnover exceeds £10m.

"If we did this, we would have to pass this cost on to our customers," Mr. John Samuel, M and S financial director, said. "It is hardly fair to them and something M and S would not do."

Each week at least 14m customers pass through the company's stores. The new budget scheme has been limited to six of them at first to avoid chaos and to make monitoring the scheme easier. The initial success has encouraged the company's directors and Mr. Samuel said yesterday that after December the scheme would be extended to a further 20 stores.

Within the next 12 months M and S hopes to offer the scheme in all its 253 stores throughout the country.

Savings outflow continues

BY ADRIENNE GLEESON

FOR THE second month running, there has been a sizable outflow of funds from National Savings.

In the four weeks to the beginning of September, net withdrawals amounted to £59.8m. Once again it was the exodus of institutional depositors from the National Savings Bank which did almost all of the damage.

In all, withdrawals from the National Savings Bank's investment accounts amounted to £184.2m, or £164m after allowing for the modest receipts recorded during the month.

The Department for National Savings now believes that almost all the institutional money which was placed in investment accounts last year, before the existing £50,000 limit was placed on the size of individual holdings, has been withdrawn. In consequence the huge withdrawals which have wreaked havoc with the figures for the past two months are unlikely to be repeated.

In an attempt to boost receipts from private individuals, the Department for National Savings recently announced improvements in the terms offered on various forms of National Savings. These included an increase in the rate offered to depositors in the NSB's investment accounts, from 8½ to 9½ per cent from October 1.

A new issue of British Savings Bonds, carrying a higher coupon, is also to be offered from the middle of November. The latest figures from the Department for National Savings show that during August net receipts of British Savings Bonds amounted to only £1.3m.

However, the current issue of National Savings Certificates continues to attract large amounts of money. Net receipts in August amounted to £86.4m—a reduction on the £139.9m of the preceding four-week period, but that total had been swollen by an increase in the permitted level of holding from £1,000 to £3,000.

The index-linked retirement issue of Savings Certificates also continued to attract cash during August, as did Premium Savings Bonds. But the weight of withdrawals from the National Savings Bank produced the £59.8m outflow overall—though interest receipts cut the outflow to £26.5m.

The outflow from the National Savings Bank has reduced net receipts of National Savings for the first 22 weeks of the current financial year to £122.9m or £295.6m including accrued interest. During the corresponding period last year net receipts amounted to £723.9m, or £861.2m including accrued interest.

The net outflow recorded in the past two months reduced the total invested in National Savings to £10.36bn at the beginning of September. At the corresponding point last year the total was £9.03bn.

OVERSEAS NEWS

Vorster's health raises question of successor

BY JOHN STEWART

CAPE TOWN, Sept. 17.

REPORTS about the deteriorating health of Mr. John Vorster, *South Africa's Prime Minister*, have led to speculation about a successor and to considerable apprehension about the timing of his retirement.

The Prime Minister has been out of the public eye for the past *fortnight after spending a week* in hospital in Cape Town to recover from physical exhaustion aggravated by a bronchial ailment. He has spent the last week recuperating at his official residence in Cape Town.

Government newspapers led their front pages yesterday and today with reports that Mr. Vorster would inform the nation of his future intentions after the regular meeting of the South African Cabinet in Pretoria on *Tuesday*. The *same* meeting is due to make vital decisions on South Africa's continued co-operation with United Nations' plans to lead Namibia (South-West Africa) to independence.

Although some reports indicate *that the Prime* Minister's health is improving daily, others, so far unconfirmed, say that he is *suffering* from a collapsed lung which would rule him out of continued leadership.

There are indications that Mr. Vorster *may* well *inform* his Cabinet colleagues on Tuesday that he intends to step down after 12 years as Prime Minister.

National Party parliamentarians and administrators no longer try to conceal the fact that *his retirement is imminent, nor* do they deny that at last week's Transvaal congress of the National Party MPs and Senators were openly pushing the cause of their favourites for the succession.

However Mr. Vorster may stay on long enough to dispose of the crucial decision regarding Namibia. His longer-term future is said by Government commentators to embrace three options: he may remain in office *if health permits, he may opt for* an easier life as the new State President, due to be elected on September 28, or he may decide to retire altogether.

The feeling likely to be conveyed to Mr. Vorster on Tuesday is that his followers would like him to remain for another year or two.

Four candidates for the succession appear to have emerged. They are the Minister of Defence, Mr. P. W. Botha, the Minister of Labour, Mr. Fanie Botha, the Foreign Minister, Mr. Roelof Botha, and the Minister of *Plural Relations* and Development (African Affairs), Dr. Connie Mulder, who is also Transvaal leader of the party.

The thinking among Nationalist caucus members is that the new leader should be a man capable of dealing with possible internal and external violence and anarchy *should events in* Namibia and Rhodesia go beyond the reach of negotiated settlement. In that case, the view seems to be that the Defence Minister will attract most support.

Rhodesia blacks resent call-up

BY QUENTIN PEEL

SALISBURY, Sept. 17.

A HOSTILE and even violent black *response* was predicted here today to the announcement that Rhodesia's multi-racial *transitional government plans* to conscript blacks into the armed forces to fight the guerrilla war.

The surprise move, announced this weekend by the Rev. Ndabaningi Sithole, as current Chairman of the ruling Executive Council, is seen as likely to further embitter relations between *black* nationalists involved in the internal settlement and the external leaders of the Patriotic Front guerrilla forces. Indeed it makes the possibility of a further round of civil war after majority rule more likely.

At the same time, Mr. Sithole *announced* that the transitional government was determined not to attend an all-party conference as conceived by Britain and the U.S.

Black conscription is seen as a sop to the considerable white resentment that *only whites are* liable to call-up to defend the transitional government, in spite of its commitment to eventual majority rule. It is also thought likely to have appealed to Mr. Sithole, Bishop Abel Muzorewa, and Chief Jeremiah Chirau, the three black partners of the Prime Minister, *Mr. Ian Smith* in the Executive Council, as a means of ensuring their security in the immediate aftermath of majority rule excluding the guerrilla forces.

However, observers here are sceptical about the ability of the transitional government actually to put black call-up into effect.

Rhodesia's *regular* forces consist of some 8,000 men, 80 per cent of whom are black, attracted by relatively good wages. The reservists number an estimated 35,000, all whites serving up to six months a year.

Thousands die in Iran quake

TEHRAN, Sept. 17.

ELEVEN THOUSAND people lay *dead today* in the rubble of the north-east Iranian town of Tabas, flattened by an earthquake at supper time last evening.

"The catastrophe is great," said the Red Lion and Sun, Iran's equivalent of the Red Cross.

And as news filtered in from *the devastated* area in the Khorassan province—some 220 miles west of the Afghan frontiers—this gloomy assessment was confirmed.

"All but 2,000 of the inhabitants of Tabas and its suburbs were killed," the official Pars news agencw reported.

If help did not reach many *of those injured at once, they* would die, the city governor told Pars.

All the town's doctors were killed.

Measuring seven degrees on the Richter scale, it was the most deadly earthquake to strike Iran—which straddles a world quake belt—since 1962. *The* 1962 *disaster claimed* 13,000 dead, also in Khorassan.

Tabas town was at the centre of the quake last night which struck at 7.38 p.m. and swayed tall buildings in Tehran, 700 kilometres (430 miles) away.

People in Tabas, on the edge of the Kavir desert, were indoors just sitting down to supper.

Communications were cut and only fragmentary reports got *out of the area about* the horror of the next hours.

"In every street there are people under the rubble," Pars agency said. "The worst thing is—there is no water and no electricity."

The Red Lion and Sun said 30 villages around Tabas were razed.

***The Shah sent in 700 troops*—his army is already keeping martial law in 11 cities and towns following political unrest—and a fleet of C-130 planes and helicopters flew in drugs, doctors and food.**

Bodies were taken for quick burial by troops and gendarmes.

Iran has had 20,000 earthquakes this century. Of these, 20 have been big ones. They *have killed nearly* 60,000 people.

Reuter

Zia defends presidency decision

BY SIMON HENDERSON

ISLAMABAD, Sept. 17.

THE MILITARY RULER of Pakistan, General Zia-ul Haq, who was sworn in as president on Saturday, says it was not his choice to become head of state, but it was the least controversial course open to him. He also said President Fazal Elahi Chaudhry had wanted to retire for health reasons.

General Zia was speaking to reporters in the garden of his home in Rawalpindi immediately after the swearing-in ceremony. He told them that he would be continuing to live there and not be moving to the President's house because "basically he was *still Chief of Army Staff.*"

He said there would have been a furore if the Chief Justice, Mr. Anwar Al Haq had taken over as President on a permanent basis, because the Chief Justice was closely involved in the trial of the former Prime Minister, Mr. Zulfika Bhutto.

President Zia said he was *anxious to avoid any parallels* being drawn between his position and previous Chiefs of Staff of the Pakistan Army who had taken over and made themselves President. He said he would stay in office until elections planned *for 1979* unless a *better alternative emerged in* the meantime. The constitution normally only provides for a new President after elections.

● Reuter adds from Rawalpindi: Mr. Bhutto was accused this weekend of conducting a "reign of terror" when eight judges opened the final stage of his appeal against a death sentence. The Special Prosecutor, Mr. Ijhaz Batalvi said a political opponent whom Mr. Bhutto was convicted of plotting to murder was only one of scores of people victimised for their politics during his administration.

Protesters march on Narita airport

Thousands of riot police stood guard at Tokyo's new international airport at Narita yesterday to repel a *possible attack* from left-wing demonstrators who staged a march to the site, Reuter reported from Narita. Earlier 18,000 demonstrators attended a rally near the airport and pledged themselves to continue *the campaign for its* closure.

A police spokesman said 12,000 riot police would *remain on guard throughout the night. They* were backed by armoured cars, water cannon and dogs. During the day aircraft left and arrived as usual at the $2.6bn airport, which opened in May after years of violent opposition which *claimed six lives.*

Cyprus hostages

Seven Eoka-B members, led by Vassos Pavlides, who organised the kidnapping of President Kyprianou's son last year, were still holding three policemen and four wardens hostage in Nicosia's central prison last night *after an* unsuccessful attempt to escape, our Cyprus correspondent reported. The six men and one woman, armed with pistols and automatic weapons, said they would shoot all hostages if the Cyprus Government refused to grant them an unconditional pardon and safe conduct out of Cyprus. The authorities refused *to negotiate. Troops blocked all* roads to the prison with armoured cars and machine gun posts.

Unpaid work call

East Germany's state trade union has called on all workers to put in an extra day's unpaid work on October 28 to prepare for the 30th-anniversary of the German Democratic Republic next year, Leslie Colitt reports from Berlin. The appeal has been made by *the shop stewards of the Free* German Trade Union at an East Berlin factory and is certain to be taken up by the national trade union and acknowledged with gratitude by the Communist Party and Government. Behind this latest attempt to raise productivity lies the lag in East German industrial growth, which was 5.2 per cent in the first six months of 1978, compared with the planned target for the year of 5.7 per cent.

Lisbon election call

Dr. Francisco Sa Carneiro, leader of Portugal's Social Democratic Party, has called for early general elections as the way out of the country's *political crisis*. Reuter reports from Lisbon. Dr. Sa Carneiro was commenting on the defeat of Sr. Alfredo Nobre da Costa's non-party Government after only 17 days in office.

Editorial Comment Page 14

Saudi aid for Sudan

Saudi Arabia has come to the aid of Sudan's balance of payments with loans and investment totalling $373m, Alan Darby reports from Khartoum. The main Saudi aid is two loans, one of $300m and one of $50m. In *addition Saudi Arabia is* to increase its $21m stake in the Kenana sugar scheme by $14m and will add a further $9m to its existing $21m loan to Kenana.

Somalia fears attack

President Mohamed Siad Barre said in an interview published in *Paris that he was expecting an* invasion of his country by Soviet and Cuban forces, Reuter reports from Paris. "Fidel Castro is now preparing an invasion plan," he told Le Matin.

Bengal inquiry ordered

The West Bengal Government has ordered an inquiry into allegations that relief supplies for flood victims are being diverted and sold on the black market, Reuter reports from New Delhi.

French opposition plans attack on government economic policy

BY ROBERT MAUTHNER

PARIS, Sept. 17.

AFTER SIX months of successive surpluses, the French trade balance slipped back into a *seasonally adjusted deficit* of FFr 1.06bn (about £124m) in August, according to the latest official figures published at the week-end.

Last month's setback, however temporary it may prove to be, *comes as a sharp disappointment* to the Government, whose economic policy has come under increasing fire from the unions and Left-wing Opposition since the end of the summer holidays.

The Socialist party's executive committee, which met *yesterday*, has already decided to table a censure motion in the National Assembly when parliament reassembles next month, aimed particularly at the Government's economic and social policies.

In recent months, the *steadily* improving trade account has been the only visible sign that *Prime Minister Raymond Barre's* economic recovery programme was beginning to bear fruit. But now that the trade balance has *gone into the red, M. Barre is* likely to have a much harder time defending his policy.

The *unions have already* had to swallow a sharp acceleration in prices and unemployment in the last three or four months. The July cost of living index rose by as much as 1.2 per cent, bringing the cumulative increase *since the beginning of the year* to 6.3 per cent, and the number of job seekers grew by 5.7 per cent in August to a post-war record of 1.16m.

Though M. Barre has repeatedly warned the country that *inflation will get worse before* starting to decline towards the end of the year and that unemployment is unlikely to fall until well into 1979, there is a danger that the unions' patience may run out before the main economic indicators begin to improve.

While it is much too early to speak of a "hot autumn" on the labour front, there have been signs that the unions are becoming more aggressive, particularly on the local level. The mass demonstration of some 10,000 to 15,000 workers in Marseilles *last week* to protest against redundancies at the ailing Terrin ship repair yard, was the biggest of its kind for some months.

The most disappointing feature of last month's trade figures was that exports, at FFr 28.7bn, were *down by* 7.2 per cent on July, while imports remained roughly stable at FFr 29.7bn.

The Foreign Trade Ministry has found some comfort in the fact that the total seasonally adjusted balance since the *beginning* of the year is still in the black to the tune of FFr 552m, whereas at the same time in 1977 it already showed a deficit of FFr 11.5bn.

Officials also pointed out that August, when many big companies *show* their doors and millions of people are on holiday, is traditionally a maverick month and that, this year, the trade results had been further distorted by the inclusion of aircraft purchases worth FFr 420m.

Venezuela accused of air strike

BY OUR FOREIGN STAFF

NICARAGUA has accused *Venezuela of sending* jet bombers to strafe its territory in support of rebels opposed to the Government of the Nicaraguan President Sr Anastasio Somoza. A Government communique said that the bombers attacked early *on Sunday in support of* a rebel column moving in from neighbouring Costa Rica.

The Government reported this incursion while its troops were battling in the north—away from the Costa Rican frontier—against *other rebel detachments* fighting to end nearly 45 years of rule by the Somoza family. In the north, *the Government claimed to* have recaptured the city of Leon from rebels, and its National Guard, using 30-year-old Sherman tanks, was in action in nearby Esteli.

The Government said the invaders in the south were being supported by Costa Rica. A protest had been lodged with Costa Rica.

Nicaragua claims that Costa Rica is providing a safe haven for members of the Sandinist National Liberation Front (FSLN)—the guerrilla movement spearheading the widespread rebellion against President Somoza. FSLN guerrillas have repeatedly slipped through the border from Costa Rica to attack border garrisons of the Nicaraguan National Guard. *Venezuela and Panama have* warned that they will come to the aid of Costa Rica if it is attacked.

On Friday, Venezuela signed a mutual defence agreement with Costa Rica, which had complained of Nicaraguan incursions, it sent a squadron of *military planes on what* was described as a goodwill visit to Costa Rica. Costa Rica has no standing army.

In Washington, the U.S. State Department has urged "all concerned to accept a cease-fire . . . to bring an end to the suffering of the people of Nicaragua" caused by the uprising. State Department spokesman Mr. Hodding Carter noted at the weekend that opposition leaders *have called for a cease-fire* and mediation efforts by outside countries, apparently excluding the U.S.

Posters criticise Peking Mayor

BY JOHN HOFFMANN

PEKING, Sept. 17.

WU TEH, the influential and controversial Mayor of Peking, has again come under fierce attack in wall posters.

The posters, which were torn down last week after 24 hours of prominent display in Peking's *main thoroughfare*, accused Wu Teh of failure to carry out the ideological campaign to criticise the disgraced "Gang of Four."

Mr. Wu has frequently been the target of allegations over the rôle he played when the "Gang" was at the height of its power—a period of wholesale abuse of civil rights.

His popularity has continued to decline, although the central Government has maintained him in his positions as the top municipal Communist Party man and a member of the ruling Politburo.

The posters, signed by a teacher from a Peking experimental school, listed several instances of Wu Teh's failure to follow the Party's policy of *correcting injustices. They did* not demand his removal from office, but called on him to "change his ways."

Colina McDougall writes: The new Chinese Ambassador in London, Mr. Ko Hua, arrived in Britain this weekend to take up his post.

India growth improvement

BY OUR OWN CORRESPONDENT

NEW DELHI, Sept. 17.

THERE HAS been a marked improvement in the growth rate of the Indian economy during the year 1977-78 (July-June) with the GNP expected *to* rise by around 6 per cent against only 1.6 per cent in 1976-77, according to the Reserve Bank of India's annual report.

The report attributed the growth in GNP largely to agriculture, while industrial growth tended to lag behind. It also noted that in the food and foreign exchange sectors—the two most vulnerable parts of the economy in the past—improved further *during 1977-78.*

The Reserve Bank's report said that with greater reserves of food and foreign exchange, the country's economy has acquired an unprecedented degree of resilience during the financial year *1977-78.*

However, the report said, viewed in a long-term perspective, some uncertainties about the economy's future stability still remained.

The report pointed out that as the rate of increase in agricultural production might be difficult to sustain, the overall rate of growth could slacken. Apart *from climatic factors, the structural* weakness in agriculture, and the uneven speed of new technology might constrain growth of agricultural production.

Despite a sizeable increase in money supply, price trends were "generally satisfactory." The Wholesale Price Index declined over the year by 2.1 per cent by the end of June, 1978, in contrast to a rise of 8.6 per cent in *1976-77 (July-June).*

South Korean budget up 30%

SEOUL, Sept. 17.

SOUTH KOREA'S economic planning board has proposed a $9.5bn 1979 budget, up 30 per cent from this year.

The largest *increase* is in *social* development expenditures.

Defence expenditures, which *comprise 34 per cent of total* spending, are the single largest category and are set at $3.2bn. This represents a 24.5 per cent increase from 1978.

Social development spending, the next largest category, is set at $2.3bn, up 41 per cent from 1978 and accounting for 24.4 per cent of the *proposed* budget.

Officials said part of the increased social development spending will go for educational facilities.

Progress on environment issues at sea conference

By Our Own Correspondent

UNITED NATIONS, Sept. 17.

THE LATEST round of negoti tions in New York on the pr posed international conventic on the Law of the Sea, whic ended on Friday, failed t record the breakthrough th many delegates from the 1 participating countries hop for. However, progress w made, notably on the questic of safeguarding the marir environment and the neg tiators agreed to keep trying resolve the main outstandir issues.

They will hold a further si week session in Geneva, begi ning on March 19—bringing a total of 57 weeks the d cussions in the UN conferen on the Law of the Sea, sin its first organisational meeti five years ago.

The year 1980 is the target f *completion of work on the p* posed convention. But ma consider 1981 to be a safer b

In its negotiating text the p posed document runs to articles. There is substant agreement on about 90 cent of it. The remaining per cent is cause for wid differing positions.

This latest *New York* round negotiations found the Uni States very much in a minor with 119 developing countr strongly condemning attempt by mining compan independently or in consor to tap the mineral riches the sea bed and ocean f before there is agreement an international regime.

Whether the U.S. will go its c way remains to be seen. Elliot Richardson, the ch American delegate, said August 21, when the con ence resumed, that it was portant to enact legislat before the congress to ena private companies to be mining the sea bed. But also noted that January 1983 was the earliest date commercial-scale exploitat could start under the propo legislation. Other estim project to 1985, or even la

Winding up the conference Friday, Mr. Shirley Am singhe of Sri Lanka, President, appealed to Americans (though he did name the U.S.) for restr

A majority of UN member st want an international au rity established that wo control all mining in the *bed beyond national juris* tion. Under a propo "parallel" system, half of exploitable area would made available for mining outside bodies, such as pri companies and indivi states. The remainder wo go to the authority throug operating arm, known as Enterprise.

Financial arrangements betw contractors and the propo authority, its structure organs, and how to ensure necessary capital and tec logy for The Enterprise among major questions the conference has been tryin resolve. So far wit success.

Mr. Amerasinghe termed t hard core issues. Other to problems relate to fis rights and the settlemen disputes in the exclu economic zones being es *lished for coastal states* to 200 nautical miles from t shores, definition of the c nental shelf, contribution the proposed internati authority regarding expl tion of the shelf beyond miles, and the *delimitatio* maritime boundaries settlement of disputes betw adjacent and *opposite st*

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WORLD TRADE NEWS

Japanese steel exports forecast to fall by 10%

TOKYO, Sept. 17.

NIPPON STEEL President, Mr. Eishiro Saito, forecast total Japanese steel exports in the year ending March 31 will fall by about 10 per cent to around 31m tonnes from 34.28 last year. Because of export price rises he expects the dollar value of exports to rise by about 4 per cent.

Mr. Saito added that, reflecting the U.S. trigger price mechanism, he expects Japanese exports to the U.S. will fall faster than total exports, perhaps to 5.5m tonnes, from 7.28m last year.

A sharp drop is also seen in exports to the EEC but increases are seen in some other areas, notably China. He forecast total Japanese steel production this year will be little changed from 100.6m tonnes in fiscal 1977.

Mr. Saito said the U.S. trigger price mechanism system brought some discipline into pricing practices on the depressed world steel market, because it was based on the sound principle that companies should only sell at true cost-related prices, instead of engaging in cut-throat efforts to undersell competitors.

He recommended the U.S. to adopt a package of measures, of which the trigger price system, either revised or in its present form, could play a useful part.

Mr. Saito did not elaborate on what such a package might contain, but suggested that as an alternative to the trigger price mechanism, the EEC's system of base prices, might be more workable.

Under the European system, steel exporters to EEC countries may not sell at prices more than an average of about 5 per cent below the listed prices of the EEC's own producers.

Mr. Saito said that if the U.S. continues to revise trigger prices upwards in line with the sharp appreciation of the yen, Japanese exports could be priced out of the U.S. market.

Speaking about his own company, Mr. Saibo said that it has succeeded in getting out of the "rock bottom situation" of last year, when net profits fell by 44.9 per cent to Y15.85bn ($82.6m), and sales by 7.2 per cent to Y2.33 trillion (million million), equivalent to $12.1bn. Behind the improvement were cost cutting rationalisation measures, lower domestic interest rates and higher prices.

Mr. Saito expects sales to show little change in the current year, with his company's exports remaining at about the 1977-78 level of Y734bn. The company is, however, publishing no profit forecast.

India liberalises imports

BY OUR OWN CORRESPONDENT

NEW DELHI, Sept. 17.

THE INDIAN government has announced further liberalisation of its import policy to meet the needs of industry for domestic as well as export production. The amendments transfer certain items from the banned list to the restricted list.

Tourist hotels are now permitted to import items other than spares, subject to their applications being recommended by the Directorate-General of Tourism and provided that none of the items asked for is available in the domestic market.

In the electronics section a number of new items have been added to the list of goods which may be imported against exports of related products. Similarly imports of rubber against exports of rubber products is now permitted.

Export houses have been given the facility of importing under additional licences those raw materials, components and spares which actual users can import under open general licence.

These relaxations are based on the recommendations of the Review Committee set up under the chairmanship of the secretary of the Technical Development Industry Ministry. It is the second time that the government has revised the import policy since it was announced for the current year in April. In July, the policy was adjusted to simplify the importing of spares and tools and the licencing procedure for other restricted imports.

The need to liberalise imports arises not only out of the growing needs of domestic industrial production and export industries but because imports, particularly of capital goods machinery and equipment are not increasing by as much as the government had hoped, while foreign exchange reserves are mounting each month. There is a need to utilise these reserves quickly because they are growing "embarrassingly large." The foreign exchange reserves have already crossed the Rs 5bn (£950m) mark in hard currency, gold and SDR's.

CONTRACTS

● International Systems Controls' Belgian engineering subsidiary, Verkor, has been awarded a $9.3m contract to design and construct an expansion of a particle board plant in Bejaia, Algeria by Societe Nationale des Lieges et du Bois, an Algerian government-owned corporation.

● Canac Consultants, a subsidiary of the Canadian government-owned Canadian National Railways, has been awarded a C$25.5m contract for the purchase and inspection of rolling stock for the Cameroon National Railway Authority.

● The UK subsidiary of the Swedish Flakt group, manufacturers of air conditioning plant, has been awarded a $12m contract for the fume treatment plant for the Dubai aluminium smelter.

Dutch airline sets terms for Fokker order

By Our Own Correspondent

AMSTERDAM, Sept. 17.

...TTERDAM AIRLINES, a new ...tch scheduled airline company ...e to operate out of Rotterdam, ...s moved nearer to take-off.

The company has signed a ...ovisional contract worth about ...50m with the Dutch Fokker ...mpany for the delivery of two ...8 Fellowship jet aircraft ...ich are due to be delivered at ... end of next year. But RA... ...ector Mr. Andre Verlinden, ...o also heads Christoffel ...zen, one of Holland's largest ...r operators, said the contract ...ld be torn up if his airline ... not get the necessary licences ...ly to various European cities. ...t is understood that he has ...eady received official permis... ...n to fly to Gatwick, Luxem... ...rg and Basle.

...r. Verlinden said that once ...rative, Rotterdam Airlines ...ld carry part of the ...istoffel holidaymakers to fill ... spare capacity and it would ... undertake a number of ...rter flights in the summer. ... would thus become a direct ...petitor not only of KLM but ... of the Dutch charter airlines ...tinair and Transavia.

UK engineering mission

BY OUR OWN CORRESPONDENT

NEW DELHI, Sept. 17.

A TRADE mission sponsored by Britain's Engineering Industries Association is due to arrive in Calcutta on October 31 at the start of a two-week visit to India. Mr. Peter J. Green, financial secretary of the EIA, will head the mission.

This first mission to India from the EIA is "easily the most successful, member-wise, that we have organised for a long time," a spokesman for the association said. The mission members manufacture a range of products "across the board," from carburettors for motorcycles to packaging machinery. Some are already established in India through individual contact others will be making their first exploratory survey. Opportunities for joint ventures will also be examined.

World Economic Indicators

UNEMPLOYMENT

		Aug. '78	July '78	June '78	Aug. '77
W. Germany	000's	923.9	922.0	877.3	963.4
	%	4.0	4.0	3.9	4.3
UK*	000's	1,392.1	1,371.2	1,364.6	1,413.9
	%	5.8	5.7	5.7	6.0
Holland*	000's	210.5†	206.5	204.1	206.9
	%	5.3	5.2	5.1	5.4
France	000's	1,157	1,094	1,039	1,216
	%	5.0	5.0	4.7	5.5
U.S.*	000's	5,968	6,193	5,754	6,900.0
	%	5.9	6.2	5.7	7.1
		July '78	June '78	May '78	July '77
Belgium	000's	272.7	264.7	276.7	258.6
	%	6.8	6.6	6.9	6.5
Japan	000's	1,150	1,260	1,230	1,050
	%	2.1	2.2	2.2	2.2

* seasonally adjusted † provisional

SHIPPING REPORT

Stability firms rates outlook

By Our Shipping Correspondent

STABILITY WAS the keynote in most of the shipping markets last week and the longer that this position obtains, the more optimistic owners become that rates will harden with the aid of seasonal factors in the next few weeks.

In some areas, such as raw materials movements in the Pacific Basin, charterers are resisting the rates demanded by owners, but this has simply reduced the level of business rather than the going rates.

Dry bulk trades are still being helped by the successful fixture of combined ships in the slightly revived oil trades and a resumption of coal liftings from Hampton Roads should help Atlantic rates next month.

Galbraith Wrightson is also predicting an increase in rate levels in grain shipping next month, following a period of low activity.

Brokers agree that the prospects for tanker owners remain quite good for the rest of the year, with a continued shortage of vessels in the Gulf. Exxon took three ULCCs last week at WS29 and WS30 and for VLCCs brokers expect WS40 to be reached as the pace of the market quickens.

On the sale and purchase side, the market rumours that Japan, whose bid prices have been forced upwards to uncompetitive levels by the appreciation of the yen, has acted to restore its chances in at least one deal with a persuasive offer to the Pakistan Shipping Corporation. Terms are said to involve 100 per cent finance repayable over 30 years at 3 per cent interest and an instalments moratorium for the first ten years.

Mr. Mustafa Gokal, Pakistan's shipping minister, was reported at the weekend to have confirmed a Japanese offer to finance part of Pakistan's ambitious fleet expansion programme.

Mr. Gokal is expected in Britain this week to discuss rival terms with British Shipbuilders.

CLEANING UP CAIRO

Big opening for UK companies

BY ROGER MATTHEWS IN CAIRO

THE URGENT need to combat the mounting threat of serious sewage flooding in Cairo is expected to bring major contracts for British civil engineering and equipment companies during the next few years. The cost of top priority works needed to alleviate the present critical situation is put at around £350m, while another £650m will probably have to be spent if, by the end of the century, the Middle East's largest city is to be able to cope with a population growth from around 8m to more than 14m.

Britain has already promised £50m, one of the largest-ever single slices of UK foreign aid. Under new conditions announced in July by Mrs. Judith Hart, the Minister for Overseas Development, whereby aid to the poorer nations is now given in the form of grants, the money will come as a grant. As is normal, the only strings attached are that the £50m will have to be spent on British equipment and expertise.

The U.S., through its Agency for International Development (AID), had pledged a further $100m. Egyptian officials state that this means the two countries will share the bulk of the work that is to be put out to international tender.

British consultants John Taylor and Sons and Binnie and Partners last week formally handed over to the Egyptian authorities a six volume report on the problem which was the result of a detailed 14-month study. The report, which contains a series of recommendations and proposals, warns of the "potentially explosive" danger of epidemics breaking out unless urgent action is taken.

The sight and stench of ankle-deep raw sewage seeping onto the streets is far from uncommon in the Egyptian capital and the Taylor Binnie appraisal indicates that speed is essential to prevent far more widespread flooding from taking place. Parts of the Cairo sewage collection and disposal system is nearly 60 years old. It was built to cope with a city of around 1m people and suffers from a persistent lack of maintenance.

"All parts of the existing system are already grossly overloaded, or at best, working to capacity. A massive investment of capital will therefore be required in all sectors in order to maintain living conditions in the city compatible with normal civilised standards," says the report.

It also emphasises that short-term expediences can no longer cope with the problems and that nothing short of major new works and the efficient operation of existing but extended facilities will suffice.

The report, which is understood to have been substantially accepted by the Egyptian Ministry of Housing and Reconstruction, further points out that huge quantities of virtually untreated sewage are daily pumped into a branch of the River Nile from which people downstream draw their drinking water, and that large areas of the city have neither main drainage nor an organised system of sewage collection.

Health hazard

Cesspits and septic tanks overflow into ditches and streets, while the contents of earth closets are dumped on to the roads from many thousands of homes. Open sewage canals flow through densely-populated areas, one of which is described by the consultants' medical adviser as "a pitch black, foul-smelling conduit that should be regarded as an abomination and quite intolerable in the present day."

The city's four sewage treatment works are characterised, with one exception, as being wholly inadequate to handle present flows. Half of Cairo's sewage is not subject to any form of treatment, while the effect on the other half is said to be minimal. Such conditions and practices have to be regarded, in the words of the report, as "a serious hazard to public health. The introduction of cholera into such a situation could be disastrous."

The overall effect of present conditions on the nation's health is admitted to be unquantifiable but it is certainly relevant that Cairo's infant mortality rate for 1972 was an alarming 152 per 1,000 live births compared with the national figure for 1974 of 98 per 1,000. General practitioners in the city together with the Egyptian Ministry of Health attributed 70 per cent of Cairo's infant mortality to gastro-enteritis which, says the report, can only be taken "as a grave reflection on standards of environmental hygiene, with disposal of sewage as probably the most important component."

But despite the obvious urgency of remedial measures some further delay in starting major works appears likely. Coupled to the inevitable slowness of Egyptian bureaucracy is the suggestion that the U.S. agency, having promised $100m, may now insist on its own consultancy firm carrying out another detailed study. The U.S. consultants are due to be chosen in the next few weeks and it may only be clear then whether they will be content to accept 90 per cent of the Taylor Binnie report and discuss separately some of the more contentious longer term issues such as population projections and the need for deep tunnelling which the British consultants have recommended.

A senior Egyptian official said last week that he expected the British and American consultants to form a joint venture company so that detailed design and planning work could get under way.

Another vital factor to be resolved is that of financing and especially the large foreign currency requirement. The approximately £100m already promised is enough to get a certain amount of work started but insufficient to complete even the immediate top priority projects as identified by Taylor, Binnie.

It is understood that a consortium of British concerns are planning to visit Egypt and perhaps other Middle East countries in the next few months in an effort to put together a financial package that would also draw on assistance from the oil-producing Arab states.

Scandinavia co-operation in chemicals

By John Walker

STOCKHOLM, Sept. 17

A JOINT company for the manufacture and sales of binding agents for fibreboard is to be set up by Casco which is part of the Swedish Kemanobel concern and the chemical division of the Norwegian company Dyno Industrier.

The new company, Dynobel, will be located in Oslo and will commence operations on January 1, 1979. The parent companies will also pool their research and development and service operations in this sector of the market.

The formation of Dynobel will lead to rationalisation of the parent companies' production capacity and other resources. Dynobel will have a total production capacity of 250,000 tons annually of binding agents from four production plants.

● An $8m order for a new aluminium strip mill has been awarded to the **Loewy Robertson** division of Davy-Loewy by Martin Marietta Aluminium, the plant is in Lewisport, Kentucky and the order is Loewy Robertson's biggest yet in the U.S.

● **Massey Ferguson** has won a contract believed to be worth $1.5m for supply to the Seleit Food Production Company in Sudan of a full range of farm machinery to be used on a 14,500-acre private sector meat processing ranch now being set up on the outskirts of Khartoum under the management of the Guiness Peat Group which is understood to have arranged Belgian finance for the contract.

● **International Computers** has won an order for a 2950 computer and associated equipment, valued at £532,000, from Kirloskar Oil Engines of India to extend the range of applications processed on its existing ICL 1902 computer.

● **West's Prochem** has concluded agreement with Shinwha Engineering and Construction of S Korea for sharing technology and skills for jointly engineering, project managing and constructing process plant for the process industries in S Korea and certain other countries.

Shetland oil port doubts 'alarmist'

By Ray Perman, Scottish Correspondent

A CONFIDENTIAL report which casts doubt on the ability of Shetland Islands Council to run the oil port at Sullom Voe, was described as "alarmist" yesterday by Mr. Ernest Urquhart, chief executive of the islands.

Under an agreement with the oil companies, the council will own and run the port which, when the Sullom Voe terminal is complete, will become one of the busiest in Europe.

The first phase of work at the terminal is already finished and oil will begin to flow through a pipeline from the Dunlin field in a month to six weeks' time. Loading on to tankers will start shortly afterwards.

The report, by Captain George Biro, director of the council's ports and harbours division, claims that the council has been having difficulties which could prevent it from running Sullom Voe efficiently.

In particular, it says, the council has been unable to attract sufficient qualified pilots, which are a legal requirement at Sullom Voe, because it could not match salaries and conditions offered elsewhere in Britain and abroad.

Suppressed

The report was presented to members of the council's ports and harbours committee. But at Mr. Urquhart's request it has now been withdrawn and will not be distributed to other councillors or reported in the council minutes.

Mr. Urquhart said he had suppressed Captain Biro's report because it did not give an acurate picture of the preparations for the port's opening.

"There were problems, but these were things which were being tackled. The report was alarmist. It gave the difficulties which we knew existed, but it did not say what we were doing to solve them."

"The harbours division has the full backing of the council and will have all the resources it requires. I am quite confident that we will be ready when first oil is received at Sullom Voe, be said.

Airlines seek a big cut in 'morass' of controls

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A FAR-REACHING simplification of controls on world air passenger traffic is being sought by the International Air Transport Association, which represents more than 100 of the world's major airlines.

The association is presenting a series of proposals to a meeting of the European Civil Aviation Conference in Paris from October 9 to 13, which include:

- Elimination of passenger embarkation and disembarkation cards.
- Abolition of visas for temporary visits.
- Greater use of red and green Customs channels at airports to speed passenger flows.
- Simpler formalities in handling lost or misdirected baggage.
- Simplification, or even elimination, of the documentation and other formalities aircraft must complete before departure.
- Improvements in door-to-door transit times for cargo.

The association's aim is to streamline the process of passing passengers and cargo in and out of airports. These procedures, collectively known in the airline industry as "facilitation," have in many countries become bogged in a morass of paperwork or sometimes conflicting rules and regulations.

Holiday delays

The association says that in Western Europe the standards of facilitation are generally higher than elsewhere, including even the U.S.

But it is now necessary to take bolder steps in simplifying the rules to enable airlines and airport authorities to meet the increase in passengers and cargo.

This is especially the case at peak holiday times, where present regulations often result in delays and saturation at many airports.

The European Civil Aviation Conference is a government-sponsored body, representing the civil aviation authorities of most European countries. The decisions it takes are not mandatory on the member-governments, but are generally accepted by them and implemented.

Acceptance by the conference of the association's proposals, therefore, could go a long way towards speeding passenger progress through airports.

The biggest stumbling block is the continued need for strict security checks. But the association believes that while these checks are inevitable in the present climate of international terrorist activities, easier controls in other areas will do much to compensate for the delays security involves.

UK faces 'dangers' in any new European monetary system

ANY NEW EEC monetary system, particularly that apparently agreed between France and Germany at the Aachen summit last week, would have great dangers for Britain, Mr Douglas Jay, Labour MP for Wandsworth and Battersea North said over the week-end.

It would threaten the power of any UK Government to vary the exchange rate when this was necessary in order to support British economic and employment policy.

"In certain circumstances Britain's industrial revival could be prevented by the scheme. Apparently even the inadequate conditions suggested by the Prime Minister after the Bremen Conference would not be met by these proposals.

"It would therefore be better for Britain to stay outside the scheme and retain our freedom to vary the exchange rate of sterling."

Other MPs also criticised the Franco-German plan. Mr. Bryan Gould, Labour MP for Southampton Test, said: "The assumptions behind the plans for a new Euro-monetary system are questionable. Not only does currency stability depend on currencies outside the EEC altogether but it assumes a similarity of economic performance by member states.

"If this were not happening, and it is not, currency alignment would not only widen actual performance but could only be achieved by ferocious controls.

"Thus, forcing convergence even if it brought exchange stability, could provoke social and industrial instability of a type that we have avoided under a Labour government."

Mr. Nigel Spearing, Labour MP for Newham South and chairman of the Save Britain Campaign, said: "The Bremen proposals, as progressed by the Franco-German agreement, would mean that immediately after adoption it would be a German economic policy to which countries with weaker currencies would need to comply. They would literally have to keep up to the mark.

"National economic 'disciplines' would have to be applied by national Governments at the behest of the German Federal Government and their central bankers.

"If another country had the strongest currency the same principle would apply.

"In order to avoid the domination of the EEC by any one nation there would certainly be a call for full economic and monetary union, which if adopted would mean the end of individual currencies and of individual countries within the EEC. In effect a new super-State would then be born."

'The smallest bureaucracy'

THE European Commission has hit back at criticism of its bureaucratic methods by pointing out that it employs only 11,176 civil servants to serve a population of nearly 260m—as compared with the UK Scottish Office, which has 11,200 staff serving only 5m people.

In a background report on its work, the Commission claims that, considering the size of the population it covers, it "must be the smallest bureaucracy in the world." The figures reported showed the Commission's staff as at April this year, when by far the largest number were in the personnel and administration department.

Colour scanner may cut X-ray risk

By David Fishlock, Science Editor

RESULTS of the first clinical trial of a powerful electronic system for diagnosing disease, developed in Britain, will be given at a medical conference starting in Washington today.

The results of 90 scans on patients at St. Bartholomew's Hospital, London, are being presented at the World Congress on Nuclear Medicine.

The scans of brain, liver, and in one case the heart — have been made by "emission tomography" on a prototype machine funded by the Department of Health. They were obtained by Dr. Keith Britton of the hospital's department of nuclear medicine.

They are expected to indicate that the technique is competitive with the more widely publicised X-ray scanning techniques, such as the EMI-Scanner, especially in the case of liver disease, says Mr. Anthony Bernard, a director of the company demonstrating the instrument.

Provided the medical claims can be substantiated, the machine will offer the advantage of exposing the patient to much lower doses of radio-activity.

It is the invention of Tomogscanner (UK), a small engineering company in which the National Enterprise Board has recently acquired a one-third interest.

Where most diagnostic scanners at present use beams of X-rays to "image" the body's organs, the Tomogscanner uses weakly radio-active drugs, administered to the patient, which migrate to the organ the doctor wants to inspect.

Radiation from the chemical, distributed through the organ under examination, is analysed by a computer to generate a colour image of the organ.

The technique was first introduced in January 1977. Five models of the initial instrument have been sold—three in West Germany and two in France.

Imports take bigger share of motor sales

By Colleen Toomey

IMPORTED VEHICLES took a larger slice of the market last month compared with a year ago, according to the Society of Motor Manufacturers and Traders.

Importers took 24.11 per cent of the August market compared with 20.48 per cent in August the previous year.

Commercial vehicle registrations in the UK during August were more than one-third higher than last year at 29,783.

Total sales for the first eight months this year were 177,644, which was 17.06 per cent higher than in the same period last year.

Manifesto given mixed reception by consumers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE NATIONAL Consumer Council's bid to thrust itself into the forefront of national economic policy formation got off to a shaky start at the annual consumer congress in Edinburgh over the weekend.

Delegates gave a mixed reception to the council's economic manifesto published last week. Calling for Government action to reduce inflation and increase business competition, it was seen as an important part of the council's new strategy of pushing the consumers' voice in government.

Mr. Michael Shanks, the council's chairman, had told the congress that he believed the council should become a "third force," along with the CBI and TUC, in advising the Government on economic strategy.

But delegates, from organisations as far apart as the Vegetarian Society and the Electricity Consumer Council, questioned the value of the manifesto. One from the National Housewives Association went so far as to describe it as a "load of meaningless platitudes." But a senior Consumers' Association representative wholeheartedly backed the manifesto.

The congress was plunged into more animated discussion on issues in line with the council's original role, when set up in 1975, of looking after the interests of the disadvantaged and inarticulate consumer.

Resolutions approved required manufacturers to give more product information to the consumer, called for a better deal for patients from the National Health Service, and for action to help the disabled and isolated consumer.

In addition, the congress called on the council to examine the position of the consumer in the area of leisure and recreation.

Although the congress has no power at present to dictate policy to the council—it is Government financed, although largely independent of Whitehall control—the Edinburgh congress was the first to be run along democratic lines. Representatives of the various organisations involved had established the terms of reference for the congress although the organisation was still carried out by the council itself.

The council's eventual aim is to become the parent body of an elected and self-financing federal structure.

Hands off electricity industry, Benn told

BY COLLEEN TOOMEY

MR. ANTHONY WEDGWOOD BENN, Secretary for Energy is criticised for attempting to "interfere" in management of the electricity supply industry, and more particularly the Central Electricity Generating Board, by Mr. John Lyons, general secretary of the Electrical Power Engineers' Association, in his association's journal, Electrical Power Engineer.

"The reason given for the development of this determined political pressure on the electricity supply industry," he says, "is that coal stocks have risen to high levels and that it is better to burn British coal than imported coal or fuel oil . . . ."

In May coal stocks were 2.1m tonnes higher than in May 1977. The main reasons for higher stocks were the fall in the steel industry's demand for coking coal from 17m tonnes in 1976-77 to 14.5m tonnes in 1977-78, and the relative price of coal since a reduction in the dollar price of oil in January.

Mr. Lyon suggests that the reason for Mr. Benn's "campaign against the Generating Board" must be that he wants to apply a subsidy to the electricity supply industry, as a basis for controlling its activities.

Bigger union voice urged

BY SUE CAMERON

BRITISH MANAGERS should spend more time planning the long-term future of their companies instead of concentrating only on short-term profits—and they should invite trade unionists to help them, Mr. Bruce Kyle, president of the International Affiliation of Planning Societies, said yesterday.

Mr. Kyle, who is organising the seventh World Planning Congress to be held in the UK next week, accused British managers of being too wrapped up in boosting immediate profits. He said it was vital that they should take a longer-term view and that they should bring in the trade unions to help plan their strategy.

"Why should shareholders' and unions' rivalries get in the way?" Mr. Kyle asked.

"Management responsibility should be to the company and its long-term future and not just to short-term profits. The profit level should be just sufficient to maintain the investment level and satisfy outside investors and bankers. But everyone's future comes into this and bringing the unions in means a hell of a lot."

ICFC provides £3.4m for deals

By Nicholas Colchester

IN THE last two years t Industrial and Commerc Finance Corporation has put £3.4m to help the managemen of 23 small companies buy co trol of these companies fr their owners.

In submitting these figures l week the corporation pointed o that most of these cases had volved a high level of gearing

The ICFC produced these d in the light of the Financ Times' coverage of a rec decision by the National Ent prise Board to provide fina to management of one compa in a similar situation.

Mr. Jon Foulds, the corp tion's chief general mana maintained that it was wrong regard this case as evidence t the City was unable to prov finance for such deals.

The data showed that the managements had put up a t of £709,000 against the corp tion's £3.4m.

With only two exceptions corporation had ended up v between 20 and 30 per cen the equity of the compa involved. In most cases, the r of corporation money to the management was approxima five-to-one.

The loans the ICFC had vided had often been secu only on the shares of the c pany being acquired and w therefore almost entirely at

مأخوذة من الأصل

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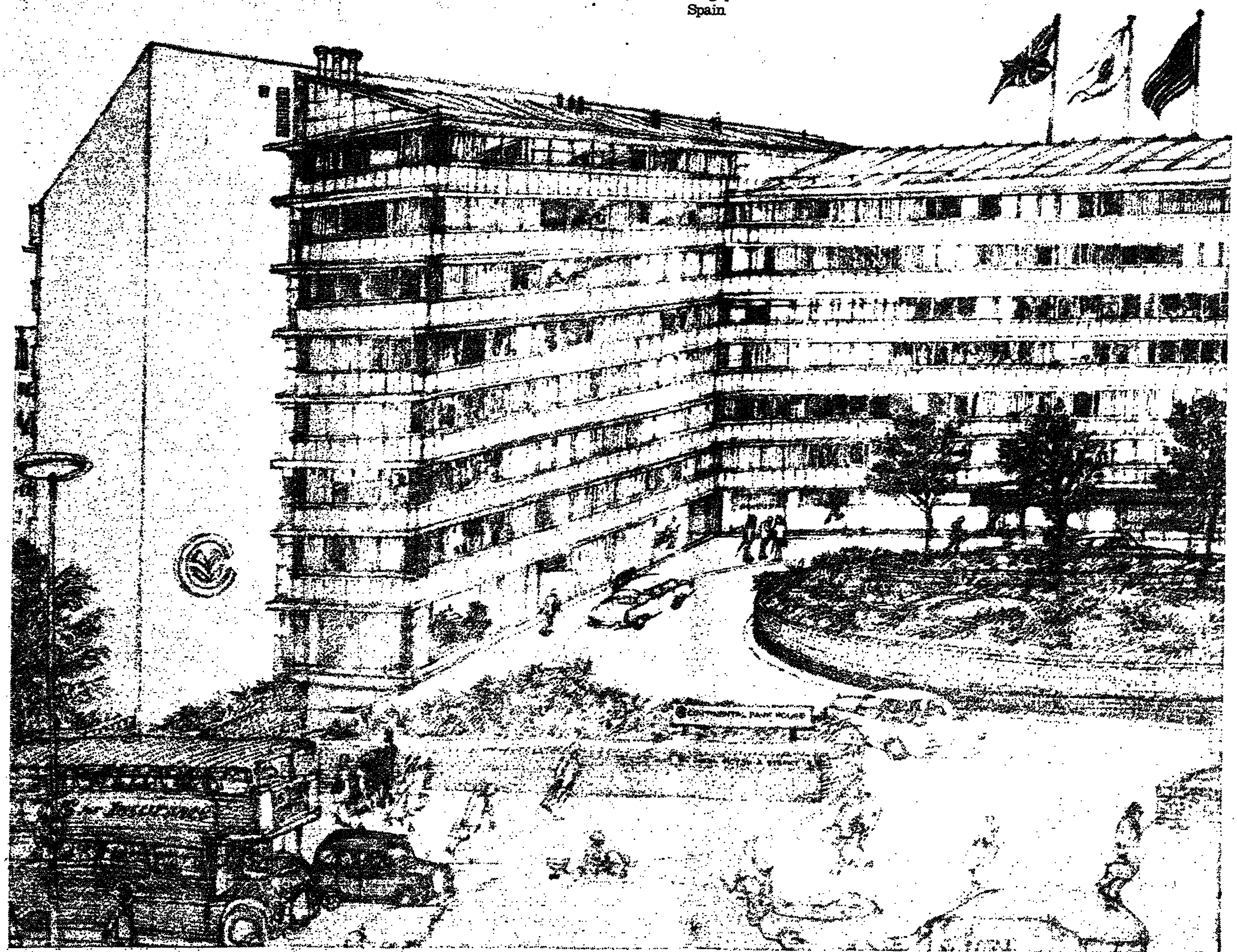


HOME NEWS

Economy faces new check as spending boom peaks

BY COLLEEN TOOMEY

FUTURE pay settlements will have the biggest single effect on the immediate future of the economy, and the Chancellor of the Exchequer should not be too optimistic about the economy since the consumer-led mini-boom is showing signs of peaking.

This warning comes from the London Chamber of Commerce and Industry's September "Economic Report" published today.

So far, living standards have risen dramatically, inflation has moderated and the balance of payments has recorded a healthy surplus.

But any improvement in the economy could soon be wiped out by excessive wage claims which, in themselves, would do little to allay fears of increased unemployment predicted by some authorities in the coming winter months.

The report says that there is a large gap between the growth in average earnings and the rate of price inflation—15.4 per cent compared with 7.4 per cent.

It looks as though earnings will be only slightly above the Government's expectations of a 14.5 per cent increase during Phase 3, and the level of UK price inflation is now fairly close to other major industrial countries and should remain at about 8 per cent for the rest of the year, as the Government has forecast.

But the higher earnings rate will start feeding through to prices in the coming summer, the report claims, and, unless earnings can be kept at a moderate level in the next pay round, the exchange rate could be even more quickly affected than the balance of payments.

The buoyant pound can be seen as a temporary feature, the report says, due more to the weakness of the dollar than to any improvements in the UK's real economy.

Sales soar

The gathering pace of consumer spending has had an unwelcome impact on the balance of payments.

In the second quarter of this year spending was at an all-time high at £9bn, which was £16m above the first quarter. The 5 per cent increase in sales expected by retailers this year now looks as if it will be exceeded quite comfortably. But the major upsurge, most forecasters predict, is over.

Exports are facing severe competition in relatively slow-growing overseas markets. Export volume declined by 1.5 per cent on the latest three-monthly comparison, but if erratic items are excluded the volume of manufactured exports was 4.75 per cent up on the first half of the year compared with last year.

But this increase was overshadowed by a one-fifth increase in the volume of imports of finished manufactured goods, excluding erratic items, in the same six-monthly period.

The Government's forecast of a £750m current account surplus in 1978 looks unlikely now, the report states, given the £114m cumulative deficit in the first seven months of the year.

The report also predicts that the rate of expansion is likely to slacken by the end of this year and questions whether production will meet—or even approach—Budget forecasts.

One snippet of encouraging news in the report shows that the economy grew by nearly 5 per cent in the two years to the end of 1977 compared with an earlier estimate of 3.5 per cent.

August figures to give first clues to 5% wage guideline

BY MICHAEL BLANDEN

THE FINAL outcome of the Government's Phase Three pay policy will be confirmed with the publication of the latest wages and earnings figures on Wednesday.

The statistics will show the change in basic wage rates for August, the first month of the 5 per cent policy, and more important the July change in the monthly index of average earnings.

The earnings figure is the more representative of the underlying trends. Indications up to June were that the rise in average earnings during the Phase Three policy should come out only a little above recent official expectations.

Over the first 11 months of the year average earnings for the whole economy had increased by 14.5 per cent. It was thought that the figure could drop in July, however, if as expected the level of bonuses and back pay declined from June.

On this basis the growth in earnings was expected to be no more than 14.5 per cent over the year to July, close to the 14 per cent level which had been predicted for several months.

At this level the increase in earnings would be significantly above the 10 per cent guidelines which were in force for the 12-month period. The gap between this rise and the recent rate of retail price inflation of under 8 per cent year-on-year underlines the main reasons for the sharp rise in personal incomes and the boost this has given to consumer spending.

The impact of the higher spending on the economy will also be illustrated on the same day by the provisional statistics of gross domestic product for the second quarter.

The underlying growth of the economy has already been indicated by the industrial production index published last week. This showed that over the three months from May to July total output was 2½ per cent higher than in the previous three months, although manufacturing production was up by only 1 per cent seasonally adjusted.

ICI to shut Glasgow paints factory

BY SUE CAMERON

IMPERIAL CHEMICAL Industries is to close its paints factory in Glasgow, and has also decided to withdraw altogether from the marine paint market.

The Glasgow factory, which employs 60 people, will be closed in 1980. ICI said all the employees there had known for some time that the plant would eventually be shut because it was unsuitable for further modernisation or expansion.

The factory accounts for 10 per cent of ICI's total paint production and 80 per cent of its marine paint production. When it is shut, extra capacity will be made available at the group's other paint manufacturing plants at Slough and Stowmarket.

ICI says that the decision to stop making marine paints, which account for less than 1 per cent of the group's total paint output, "reflects the generally depressed state of the shipping and shipbuilding industries. Its performance in the marine paint field has been unsatisfactory "for some time."

LABOUR NEWS

Postal engineers end action on winning 37½-hour week

BY CHRISTIAN TYLER, LABOUR EDITOR

NEARLY 12 months of industrial action affecting post and telephone services has been called off from today following union delegates' endorsement of a shorter working week agreement for Post Office engineers.

The successful conclusion to seven years of campaigning for shorter hours came at a special delegate conference in Birmingham of the Post Office Engineering union. The vote was nearly two to one for a deal that from December 1, will give 120,000 engineers a 37½-hour week instead of 40, after a claim for 35.

Although the union's victory is likely to encourage many other groups of workers this winter, it does not itself breach the Government's incomes policy structures and has been vetted by the Department of Employment.

Mr. Bryan Stanley, general secretary, said yesterday: "The new hours will be introduced on the basis that there is no loss of cover or service — possibly there will be some improvement — no increase in overtime working and no increase in cost to the customer."

Most of the industrial action was called off last month when the union and the Post Office reached provisional agreement on a formula worked out by Lord McCarthy, Professor of Industrial Relations at Nuffield College, Oxford.

But a ban on connecting new equipment stayed in force until the weekend.

The dispute has affected 964 telephone exchanges, left £50m worth of capital equipment idle, and added 150,000 names to the normal waiting list for new telephone connections.

Nine mechanical postal sorting offices have been unable to start up, as well as an international telephone exchange in Cannon Street, London, and a telex exchange at St. Botolph's, also in the City.

One consequence of the agreement will be that many engineers will work a four-day week or a nine-day fortnight. Longer shifts would give the Post Office the extra cover it required, Mr. Stanley said.

Stressing that no jobs would be lost as a result of the "nil-cost" agreement, Mr. Stanley said: "If others are able to follow our example we shall be pleased. Shorter hours, as well as bringing greater leisure, for our industry, in the longer term will ease our unemployment difficulties."

Clash over employment in electronics age

BY SUE CAMERON AND CHRISTIAN TYLER

THE EMPLOYMENT consequences of the promised micro-electronic revolution, already in the forefront of political and trade union debate, brought opposing views from a Government Minister and a senior trade union leader at the weekend.

Mr. David Basnett, general secretary of the General and Municipal Workers' Union, said that the cheap, compact and labour-saving technology could mean "massive redundancy of jobs in the production and white-collar sectors."

Developing an initiative that he announced at this month's Trades Union Congress in Brighton, Mr. Basnett said society was apparently unable to provide enough traditional employment to cope with the implications of technology.

He called again for a standing Royal Commission on employment and unemployment to look at the arguments—the first since the Beveridge report.

However, Mr. Albert Booth, Employment Secretary, told a union conference that unemployment was certain to increase if British industry failed to introduce silicon chip technology. Previous revolutions had helped growth, not thrown thousands out of work.

There was no reason to believe that micro-electronics would put people out of work, although some individual jobs might be lost.

"Efficiency and high productivity usually generate higher demand so its would be wrong to suppose that the loss of individual production-line jobs will necessarily mean the loss of employment overall," he said. "There is no certainty about job loss if we do apply micro-electronic technology. There is absolute certainty about job loss if we do not.

"What I think we need to bear in mind—and this has tended to be overlooked by many commentators—is that we invitably look at new technology somewhat fearfully and timidly when we look at it in a period of recession."

The Minister was addressing 60 delegates of the white-collar section (TASS) of the Amalgamated Union of Engineering Workers.

A TASS official said the delegates appeared "universally dissatisfied" with the Government's plans for counteracting unemployment.

The first of three Government-ordered reports on micro-electronics will be published today by the Advisory Committee on Applied Research and Development. Today's report is on technical aspects, but the last—due next year—will be on the consequences for employment.

The Department of Employment's manpower planning unit is conducting parallel research on the technology's impact on the labour market.

Final warning in Times dispute expected today

BY OUR LABOUR EDITOR

TIMES NEWSPAPERS is expected to repeat today its warning to staff that unless industrial discipline is guaranteed by November 30, publication of the Times, The Sunday Times and the three Times supplements will be suspended.

The management, which was in touch with the Department of Employment last Thursday, is widely expected to give today the 90-day notice of redundancy that an employer of its size is required to provide by the Employment Protection Act.

At the same time, its printers and journalists may be told that individual dismissal notices will be sent out on November 30 failing guarantees that unofficial disputes have stopped.

The warning will come at a meeting of print union leaders requested by the management. One of the unions primarily involved, the National Graphical Association, has refused to start negotiations until the November 30 ultimatum is lifted, but will attend today for "discussion."

Times journalists were told of the management's plans last week when heads of departments met Mr. William Rees-Mogg, the editor.

British Steel strikers back at work

MORE THAN 60 blastfurnacemen returned to work at the British Steel Corporation plant in Corby, Northants, today after ending a two-day unofficial strike over special payments for working conditions. Further negotiations are to take place.

IMF urges strategy to restore growth

BY DAVID FREUD

THE NEED for a effectively co-ordinated strategy to restore satisfactory international growth and price stability has become increasingly clear, the International Monetary Fund said in its annual report published yesterday.

The Fund said that the interdependence of the various national economies was such that the authorities in each of them must take adequate account of conditions and policies in the others when formulating their programme. The report spelled out the Fund's four-point programme for achieving the general strategy.

World output and trade continued to increase, said the Fund, but the pace of domestic expansion in the industrial world, which had been satisfactory during the first year or so of the recovery period, became slow and uneven, contrary to earlier expectations.

The combination of slow growth in world trade and high unemployment appeared to be leading to more protectionist actions, and there was a danger that these might escalate. The Fund warned that these conditions could create an environment unfavourable to the trading interests of all countries.

"Such an environment could be frustrating to the aspirations of primary producing countries, both developed and developing; the economies of those countries are highly dependent on markets in the industrial world and on the maintenance of access to such markets.

"For the industrial countries themselves, whose basic problems could only be worsened by protectionism, the slack in aggregate demand meant low capacity utilisation, inadequate profits for business enterprises and weak investment trends, as well as high unemployment."

Yet, the Fund pointed out, in the prevailing inflationary environment the authorities were fearful of expansionary policies that might revive price pressures of the type that had left the present legacy of cost-push momentum. It was noteworthy that shifts in fiscal positions of industrial countries after 1975 were predominantly contractionary until late 1977, and that monetary policies were also restrained or cautious, notwithstanding the sluggishness of demand.

For many countries, a second barrier to the use of expansionary policies stemmed from weakness in their external positions. There was some improvement in the position of the non-oil primary producing countries, whose deficits had declined considerably from the alarming levels reached under the combined influence of the 1973-74 oil price increase and the international recession of 1974-75. In addition, some of the most serious external payments problems among the industrial countries had been eliminated or brought under control.

Nevertheless, other serious imbalances within the group of industrial countries had arisen, mainly through the wide swing of the U.S. current account into deficit and the emergence of a large Japanese surplus. There were also many other countries, especially in Africa, Southern Europe and parts of Latin America and the Caribbean, with severe external adjustment problems.

The Fund's strategy to promote non-inflationary growth of the world economy and adjust major international payments imbalances embodied a significantly higher average growth rate than that of recent years and a pronounced improvement in the distribution of current account balances.

Elements

The main elements outlined by the Fund were:

- A more effective and symmetrical functioning of the international adjustment process. There was clearly a need for adequate stimulation of demand and imports by the surplus countries, without intensifying inflationary pressures, in order to support and facilitate the necessary stabilisation efforts by countries in relatively weak positions.
- There was need for greater emphasis on policies to stimulate economic growth. This need derived from the substantial under-utilisation of resources, including high levels of unemployment, prevalent in many countries; the concurrent low rates of investment, with their detrimental impact on the growth of productive capacity; the slow growth of world trade, which was impairing the effectiveness of the international adjustment process; and the spread of protectionist measures.

In a number of countries, because of the accumulation of economic slack and the blunting of inflationary expectations, the risks of exacerbating inflation would be minimal if cautious and well-designed policies of expansion were pursued.

- Roles of individual countries in the general strategy should be based on their relative positions in the international adjustment process and on their progress in reducing inflation, as well as on the prevailing degrees of slack in their respective economies.
- A strategy designed to satisfy the foregoing principles would also make a basic contribution to greater stability in exchange markets, beyond what could and should be achieved in this area by monetary policy and by exchange market intervention.

The report said that in retrospect what was disturbing about the major exchange rate change over the last few months of 197[illegible] and the early months of 197[illegible] was not so much the nature of the realignment that took place but the speed with which [illegible] occurred and the disorderly and uncertain exchange market con[illegible]ditions—that characterised th[illegible] period.

Large day-to-day movements i[illegible] the rates occurred frequentl[illegible] with changes of sometimes [illegible] much as several percentag[illegible] points, in reflection of rumour[illegible] misunderstandings and other erratic influences.

The Fund did not expect th[illegible] distribution of current accou[illegible] balances among the industri[illegible] countries to change substantiall[illegible] A large U.S. deficit and a lar[illegible] Japanese surplus were aga[illegible] emerging. During late 1977 a[illegible] early 1978 international capi[illegible] movements, particularly amo[illegible] the industrial countries, we[illegible] seriously affected by the o[illegible] break of disorderly conditions [illegible] the foreign exchange markets.

Until more stable conditio[illegible] were achieved through intern[illegible] tional policy changes, the Fu[illegible] argued, national authorit[illegible] needed to secure a satisfact[illegible] adaptation of capital flows to [illegible] current account balances as th[illegible] evolved.

Real gross national product [illegible] the industrial countries was [illegible] about 3.5 per cent above [illegible] level of the previous year [illegible] 1977. The Fund staff estima[illegible] that the gap between actual [illegible] potential output in the ma[illegible] facturing sectors of the se[illegible] largest economies was ab[illegible] 10-11 per cent in the second [illegible] of 1977 and first half of 1978.

The estimated gap for the [illegible] was about 5 per cent, less th[illegible] a third of the size at the be[illegible]ning of 1975. In West Germ[illegible] the gap was 9 per cent, Ja[illegible] 20 per cent, and the UK 15 [illegible] cent. The average for the [illegible] countries (excluding the U[illegible] was 15 per cent.

A basic factor in the slow [illegible] uneven pace of econo[illegible] recovery was cited to be [illegible] disappointing behaviour [illegible] private fixed investment. Am[illegible] the reasons for this were hig[illegible] inflation and greater instabi[illegible] of domestic price levels, as [illegible] as of exchange rates.

The overall rate of p[illegible] increases in the indust[illegible] countries dropped from a p[illegible] annual rate of 13.5 per cen[illegible] the second half of 1974 to 7 [illegible] cent in 1977 and to an an[illegible] rate of 6 per cent in the [illegible] half of 1978. However, the F[illegible] said this decline, while a [illegible] stantial improvement, still [illegible] prices at an unsatisfactory le[illegible]

Big harvest holding food prices

THIS YEAR'S bountiful harvest of corn, fruit, vegetables, eggs, milk and meat will mean steady food prices for months ahead, Mr. John Silkin, Agriculture Minister, said in a statement yesterday.

"This year's excellent cereal harvest, first-class supplies of fruit and vegetables, record dairy production and steady meat supplies hold out a real prospect that food prices in the shops in the months ahead will remain steady."

A record grain harvest estimated at 17.5m tonnes—over a half million tonnes more than last year—is now nearing completion in spite of an unpromising spring and early summer. It is 85 per cent gathered in England and Wales, though it may be late October before it is completed throughout the UK.

The potato crop is also heavy and prices in the shops are the lowest for years.

The sugar beet fields hold what could be a record crop. Big yields of roots with a high sugar content are expected to produce more than a million tonnes of sugar.

Milk production is running at record levels, with the cows still grazing good supplies of autumn grass and prospects for plenty of winter fodder. Butter production is up this year by 46,000 tonnes.

The dessert apple crop is expected to reach 196,000 tones —60,000 tonnes more than last year. Cookers too will be plentiful at an estimated 170,000 tonnes, 40,000 tones up on last year.

Current supplies and prosp[illegible] for vegetables, particularly r[illegible] are also extremely good. National Farmers Union spo[illegible] man said: "Practically all ve[illegible]ables will remain plentiful into the winter."

Although they will cost m[illegible] next week, and further rises expected later, eggs will still [illegible] cheap and plentiful. Meat [illegible]plies look stable.

Exam results cover-up, claims Tory

A TORY spokesman yesterday revealed exam pass figures which he said school authorities had "desperately" been trying to keep from parents.

Dr. Rhodes Boyson told a conference in London of the National Council for Educational Standards that unpublished figures on this year's A-level exam results in Labour-controlled Manchester Education Authority recently came into his hands.

He disclosed that of Manchester's 26 comprehensives, 16 had fewer than 30 A-level passes each. Four of these had fewer than 10 and another five only 10 or 11. He added that parents with bright or even average children should refuse to send them to the nine schools with the poorest results.

$12m factory for Eire

A U.S. healthcare product manufacturer is to build a $12m hospital products factory in Donegal.

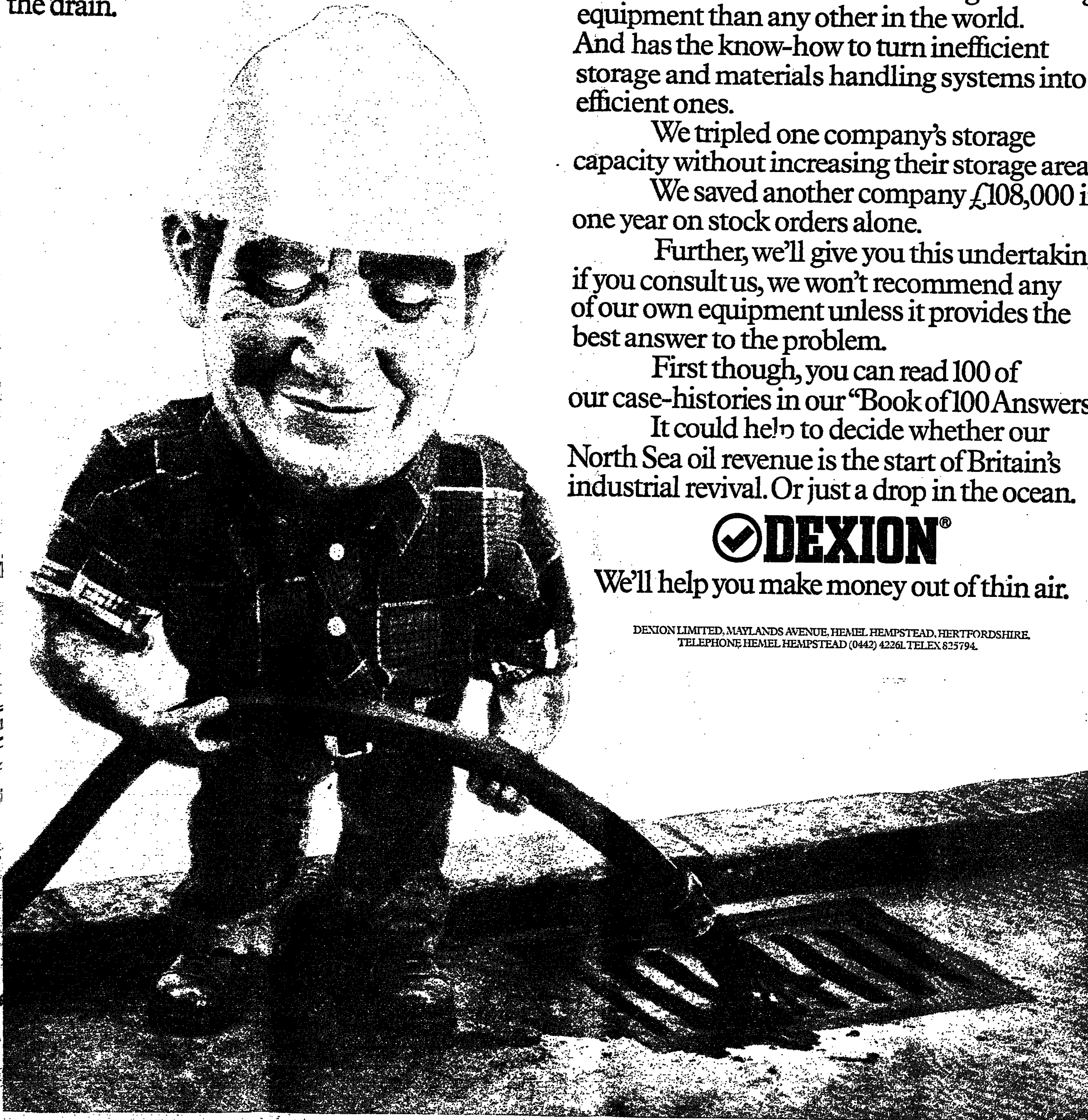
The 62,000 sq ft plant will make disposable plastic administration sets for intravenous fluids for export by Abbott Ireland, a subsidiary of Abbott Laboratories of Chicago. It will employ 240 people and raise the subsidiary's workforce to nearly 1,000.

The Donegal location was chosen with the guidance of the Irish Industrial Development Authority, which offers new industry the incentive of tax exemption until 1990 on export-generated profits.

Everybody knows how North Sea oil revenue should be spent: industrial investment, social services, education.

Nobody, though, seems to know where at least half of it will go.

It will be wasted. £2,000 million down the drain.



For that is the amount which industry wastes every year on inefficient storage and materials handling.

The real pity of it is that it's unnecessary.

For here in Britain there's a company which makes and sells a wider range of storage equipment than any other in the world. And has the know-how to turn inefficient storage and materials handling systems into efficient ones.

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Where half of North Sea oil is going this year.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Cleaning complex assemblies

IN ORDER to be cleaned, most electrical, electronic and electro-mechanical components — such as process timbers, electronic keyboards, typewriters, printed circuit boards, etc.—have to be dismantled.

Now, they can be cleaned in a few minutes, without the removal of any parts, by a Cerasonic ultrasonically assisted jet washing system, says Cera International, Mitcham Industrial Estate, Streatham Road, Mitcham, Surrey.

The system will not only handle heavy service contamination, says the company, but also light soils prior to assembly. It *uses an ultrasonic stage between* the conventional Cera jet pre-wash and second jet-wash sections to provide superclean components at the speed required by industry.

After the second jet wash the cleaned components pass through a solvent drying section which, *because of its low boiling point* (47.6 degrees C) and compatibility with the vast range of materials used in the electronics industry, gives safe, effective drying. The effectiveness of the drying section allows the use of low cost aqueous media for soil removal, thus reducing operating costs.

Ultrasonic transducers positioned in the aqueous cleaning sections create pressure waves at ultrasonic frequencies. These *pressure waves in turn generate* intense cavitation by the continuous formation and spontaneous collapse of millions of microscopic vacuum bubbles within the liquid media. It is when these microbubbles collapse that they literally pull the contamination from the components placed in the tank.

The system can be supplied with continuous filtration for fine soils and sludge removal in the case of continuous heavy soiling, to increase the life of the cleaning medium.

Many applications throughout the manufacturing industries are *currently being evaluated in the* company's research laboratory, especially created at Mitcham, where the exact operating parameters for any particular application can be determined.

These include automatic transmission components, brake calipers, carburettors, fuel injectors, hydraulic components, pump components, electronic assemblies, data processing equipment, typewriter components, etc., where as in all the other applications, says the company, the considerable savings in time and energy are appreciated almost as much as increased cleaning efficiency.

Hot glass handled safely

BECAUSE OF potential hazards arising in handling, it is essential *that hot glass is protected from* thermal shock. In bottling factories, too, loss of profits and the halting of production lines, *can evolve from broken or* damaged products, resulting from imperfect handling techniques.

At United Glass's technical centre at St. Albans, the company's scientists believe a great number of problems will now be obviated due to the introduction and implementation of its composite material, Cerberite.

This incorporates a cured polymide resin, together with graphite and fibrous carbon, and takes the form of a standard plate, standard strip and can be profiled into shaped parts.

Applications include, take out tongs, IS dead plates, IS sweep-outs, sweep-out guides, and conveyor guides.

The company is already using the material, in its various forms, *in all hot glass handling equipment* in its own UK glass factories, and it is marketed by UG's engineering subsidiary, Johnson Radley, Grangefield Industrial Estate, Pudsey, West Yorkshire LS28 7XN. (0532 579021).

● INSTRUMENTS

Tiny audio test set

SUITABLE for field tests and maintenance work on audio frequency transmission equipment, the PM-10 meter from Wandel and Goltermann measures only 3¼ x 6¼ x 1¼in and weighs just over 1 lb.

Battery operated, this pocket unit is able to make signal level measurements from −50 dBm to +10 dBm in the frequency range 80 Hz to 20 kHz. The results, prefixed by the correct *sign, are presented on a liquid* crystal display having a resolution of 0.1 dBm.

Built in to the unit is a generator with a send frequency *of 820 Hz*, providing two switchable fixed levels of −10 dBm and −27 dBm. Other levels and frequencies can be supplied on request.

Available with dry or nickel cadmium cells (100 and 20 hours of continuous operation respectively), the meter minimises current drain by switching itself off after five minutes. In addition the state of the battery is continuously monitored and a warning symbol appears if it is *discharged to within two operating hours.*

More from the company at 40 High Street, Acton, London W.3 (01-992 6791).

Easy level control

LONDEX has a newly-designed level control unit which detects the change in dielectric constant when air is displaced by material in a hopper or tank.

The unit is thus suitable for both liquids and solids, conducting or non-conducting. In addition, specialised electrodes *have been developed for more* difficult applications.

Only low voltages are present in the tank. A solid state sensing unit is enclosed in a weatherproof housing which forms part of the electrode assembly. It is connected to a weatherproof output unit con*taining a relay and power pack* by a standard three core cable.

The basic system can provide high or low level alarm, but a dual output unit is also available which can be used with two probes for two level control such tank filling or emptying, or high/low level alarm.

*Londex is at P.O. Box 79, Oak*field Road, London SE20 8EW (01-659 2424).

● WASTE CONVERSION

Solution to pollution

AT A TIME when the controls on discharges into rivers are about to be more rigidly enforced in the UK, a British company, D. Evers and Associates of Worcester, has developed the first totally self-energising system for the automatic processing of animal manures and strong organic *wastes.*

Marketed under the patented name "Anox," it is based on a combination of anaerobic digestion and catalytic oxidation techniques. In the first stage, the Anox process produces methane gas in sufficient quantities to provide all the energy to drive the process.

Then, in subsequent stages, it converts a heavy sludge to a dry inoffensive fertiliser base and a supernatant liquor to sterile water. Thus all by-products from the Anox system are re-usable or saleable overcoming a serious pollution problem common to areas of high animal population.

Farm operating costs are reduced and a system would normally pay for itself in three years.

The first contract for a totally automatic Anox system worth £300,000 has been awarded to D. Evers *and Associates* by Establishment L. Ferrard, of France. This system will be installed on a 22,000 capacity pig breeding unit operated by Ferrard near Rennes in Brittany. It has a designed capacity to process 120 cubic metres of slurry each day and will ultimately accept the slurry from two further pig breeding units, the second being some 3 km away.

This project has already attracted interest from other large animal breeders in France and America where protection of the environment and fuel

Scale model of the installation under construction for L. Ferrard.

economy are particularly sensitive subjects.

In the process, slurry is collected in a large tank and pumped through a coarse filter screen into a 1,500 cubic metre digester. The screen removes only inert items such as wood, brick or metal.

In the digestion stage the slurry is heated to encourage the activity of the bacteria and the gasification process.

The gas drawn off is rich in methane and is stored in a holder to provide the fuel for the digester heating system and to operate a gas-driven generator *providing the electrical load for* the system. On average, 150 pigs will provide sufficient manure to generate the equivalent of 1 kw/hr. of installed power.

The slurry is held in the digester for approximately 10-15 days while the polluting load of *the material is reduced by 90-*95 per cent. It is then pumped into a clarifier where liquids and solids are separated. The liquid is further treated in a flocculating tank where, by a combination of chemical and electrolysis treatments, the separated sludge is carried to the surface and drawn off periodically to be pumped into a sludge tank with the solids from the previous stage.

The relatively clear liquid is treated by catalytic oxidation to oxidise remaining organic material and reoxygenated by the introduction of ozone. After *passing through a mixed media* filter bed the water is usable for all farm washing processes and could be suitable for drinking.

D. Evers and Associates, Hastings House, 43, Foregate Street, Worcester WR1 1EE. 0905 20283.

● MATERIALS

Mobile plant will recover

A PROCESS which uses an electrochemical diaphragm cell incorporating a rotating cylinder electrode has been devised for the recovery *of metals from* solutions.

The plant, from Ecological Engineering of Macclesfield, con*sists of a 500-Amp Eco-Cell and* a 500 Amp Eco-Cell cascade unit, plus all necessary feed tanks, pumps, pipework, electrical controls and instrumentation. It is skid-mounted for convenient transport by a low-loader and only requires simple pipe and electrical connections to be fully operational.

Unlike other electrochemical techniques, this process is said to have the major advantage of continuous operation to produce metal powder and a metal depleted liquor.

Considerable interest *in the* system has been shown by mining companies and other industries wishing to recover now wasted metals, says the company, in addition to companies with effluent disposal problems.

A transportable pilot plant has been ordered by Foster Wheeler to be used in field trials in South Africa on solutions containing metals such as copper, zinc, lead, cadmium, nickel, silver and gold.

Foster Wheeler holds a licence from Ecological Engineering for the sale of large-scale Eco-Cell systems within Western Europe, and an exclusive licence for all sizes of the systems in South Africa.

More from the company at Foster Wheeler House, Station Road, Reading, Berkshire, RG1 1LX (0734 585211) or the maker at Huiley Road, Macclesfield, Cheshire, SK10 2NB.

● CALCULATORS

Seven store machine from Casio

CASIO'S latest scientific calculator has seven non-volatile memories. They are powered by separate long-lasting batteries that hold the stored figures when power is switched off—overnight, *or for days* or weeks at a time, even while exhausted main cells are being changed.

A machine with 59 functions, FX-360 also offers a choice of power *supplies:* normal penlight batteries, rechargeable NiCad power pack, or AC mains via an adaptor.

Calculation capacity is 10 digits, plus two *in the exponent.* Trig functions and their inverses are handled in degrees, radians or gradient. Statistical scope includes standard deviations, linear regression, or fitting logarithmic curves, exponential curves or power curves.

All the usual log, trig and hy*berbolic functions* are provided, plus permutations/combinations, rectangular/polar conversion, and factorials. The unit also handles fractions and many types of problems *involving* percentages.

Casio Electronics, 28 Scrutton Street, London EC2A 4TY. 01-377 9087.

New German sales drive

AT A TIME when the number of manufacturers in the calculator market has diminished drastically, C.S.S. (Business Equipment) has been appointed by *Aristo of Hamburg as sole* UK agents.

Four hand-held digitron display calculators, three slimline liquid crystal calculators, and a compact ten-digit display, battery/mains desk top calculator are on offer.

Many manufacturers are in*volved in the race to* produce ultra-slim, hand-held machines and, says Aristo, there is a gap in the market for those buyers in commerce and industry who need a tough, hand-held calculator for general and industrial use.

This gap the company is seeking to fill with its digitron machines — all slightly larger than current hand-held calculators and designed for optional desk-top or hand-held use.

They incorporate eight-digit green displays, larger than average keys and snap-on smoke covers which double as desk stands. All four calculators are available with dry cell or rechargeable batteries.

CSS, 502 Kingsland Road, London E8 4AE. 01-254 9293.

● COMPONENTS

Lets valves fail safe

ELECTRIC actuators operatin fluid line valves ordinarily sta *in their last operated position* i the event of a power suppl failure. They may not fail saf

For situations where fail sa operation is a necessity, Rototor Controls, of Bath, has introduce the type PA "supervisory electric actuator to provide on shot emergency operation in t *event of electricity supply lo*

The device is identical in respects to a standard Syncrop double-sealed actuator made the company, except for t addition of a small stand pneumatic motor which coupled to an extension of t electric motor shaft.

This is connected by a pi run via a spring-reset solen valve and pressure regulat valve to a compressed nitrogen or other gas cylind Normally the pneumatic syst is inactive, the motor be driven freely by the elect motor with inlet and out vented to atmosphere.

If the supply fails the solen valve immediately connects pneumatic motor to the press reservoir, driving the valve the specified position.

More from the company Lower Weston Bath, Avon (0 28451).

● ELECTRONICS

Brilliant displays

WITH Department of Industry support of about £650,000 and a *similar amount injected by the* company, Plessey is in the midst of a programme to increase sales of its custom-built high brightness light emitting diode displays in many parts of the world, notably the U.S., where an existing microwave sales operation is also being augmented.

The company says that as a result of the investment, its displays have already been chosen for use in the Nimrod and the *Sea King helicopters and that* "favourable reactions" have come from Boeing, and McDonnell Douglas.

Much of the Plessey development has arisen from the need for aircraft pilots and other military personnel to be able clearly to see LED displays in bright sunlight and to depend on their continuing operation in the most difficult environmental conditions.

Thus, there is no overwhelming demand for low power consumption of the kind needed in watches and calculators, the emphasis having been placed instead on long life (ten thousand to a billion hours) and bright yellow characters, readable in sunlight.

According to the company, awareness of the real potential demand for this kind of display in industry has been somew overshadowed by the emerge *of liquid crystal devices* wh it feels, are far from ideal difficult industrial and some c sumer product applications. offers no such devices for time being and the company in general, steering clear of mass low-cost market pl except in special cases wher *can sell competitively.*

Apart from offering su modules with 6 mm chara height the company has *introduced a four-digit unit* 4 mm characters, tested at f and providing visibility in ab cloud conditions at about 12 per segment.

But the company has done a great deal of work special analogue displays, some cases combined several digits, and sees inte developing in the military civil transportation fields.

The engineers have desi *for example, a speedometer* displays the LED equivalen the dial and pointer, with additional numerical dis Other rotary and also linear bar chart and "the meter" column types of dis are at the prototype stag beyond. Plessey Optoelectr *and Microwave,* Wood Bu Way, Towcester, Nort NN12 7JN (0327 51871).

CONTRACTS AND TENDERS

QUIMIGAL—QUIMICA DE PORTUGAL, E.P.

CENTRO DE EXPLORACÃO N.P.

ALVERCA NITRIC ACID PLANT—UNIT 060

INVITATION FOR REGISTRATION OF VENDORS

1.0—QUIMIGAL-QUIMICA DE PORTUGAL, E.P. a recently-established state-owned chemical and fertiliser company resulting from the merger of three Government-owned companies: COMPANHIA UNIÃO FABRIL S.A.R.L. (CUF), AMONIACO PORTUGUES S.A.R.L. (AMPOR) and NITRATOS DE PORTUGAL S.A.R.L. (NP) is planning to build in its Industrial Complex in Alverca, north of Lisbon, a new Nitric Acid Plant—Unit 060. This plant includes a unit for the production of 360 tpd of Nitric Acid, using the ammonia oxidation on platinum/rhodium catalyst process and all other necessary supporting offsites and facilities. The engineering contractor for the plant will designated soon and construction of the plant will be co-ordinated by QUIMIGAL's Project Team.

1.0.1—The present registration will also apply to a second Nitric Acid Plant, of similar capacity, to be built later in QUIMIGAL's Barreiro Chemical Complex.

2.0—QUIMIGAL has applied for a loan from the International Bank for Reconstruction and Development (IBRD) in various currencies to meet a part of the foreign exchange needs of the whole of the project, and intends to apply the proceeds of this Loan to eligible payments under the contracts for which this notice is issued. *Bidding for equipment and materials for this project will be under* World Bank guidelines. Payment by IBRD will be made only at the request of Quimigal in accordance with terms and conditions of the loan agreement. Purchases will be made from the member countries of IBRD and Switzerland.

3.0—Interested Vendors should submit in English, a list of categories of Items/sub-items they can supply plus technical catalogues and other supporting information giving:
- —General performance details.
- —Anticipated delivery times.
- —Schedules for furnishing technical data and certified drawings after receipt of orders.
- —List of customers using and operating the equipment for the last 2-3 years.
- —Number of weeks required to prepare a proposal.
- —List of items usually sub-contracted.
- —Availability of after-sales service and spares in *Portugal.*
- —Description of capacity and range of manufacturing facilities.
- —Work load as percentage of total capacity for 1979 and 1980 on a quarterly basis.
- —Latest annual financial reports.
- —Warranties.

4.0—Vendors *interested in bidding* should AIR MAIL applications for "Registration" in Quadruplicate *before October 30, 1978, giving information listed in* para 3.0 to:

QUIMIGAL-QUIMICA DE PORTUGAL, E.P.
Direccao de Novas Instalacoes
Nitric Acid Project
Servico de Compras
Av. Infante Santo, No. 2
LISBOA-3
Portugal

QUIMIGAL intends to supply one copy of the applications to the Engineering Contractor for the nitric acid plant to be designated by Quimigal and the other copies for review by its own project team.

5.0—*QUIMIGAL reserves the right* (a) *to verify all state*ments, (b) inspect Vendors' facilities to confirm the Vendors' capability to perform the work and (c) to reject any prospective Vendor/Vendors without assigning any reasons therefore. When invitations to bid are sent to registered bidders, Quimigal may state limitations under which some or all bidders can present their bids or ask for additional information related to the required specific types of equipment. No further correspondence shall be entertained for non-selection of a Vendor.

6.0—Principal factors that will be considered in evaluating bids from Registered Vendors will include Price, Quality, Operation, Maintenance and Installation cost, Freight, Delivery time, Performance guarantees, Inspection and Expediting expenses, Supervision during erection and assistance during operation, Payment terms, Vendors' specific experience, etc., as specified when requesting Bids.

7.0—Vendors who have not supplied equipment of similar magnitude and duty for Nitric Acid or similar plants need not apply.

8.0—Vendors are requested to indicate the items, sub-item(s) from the following categories for which they would like to receive an invitation to Bid:

1. Pressure Vessels, Columns and Scrubbers in carbon/stainless/alloy/clad steel for low, medium and high pressure.
2. Ammonia evaporator.
3. Heat exchangers, economisers, etc., for operating at different pressures—shell & tube, U-tube, fin tube, plate type in C.S., S.S. low alloy and clad steel.
4. *Piping* and Fittings for low, medium and high pressures and for corrosive fluids.
5. Valves of various types, such as relief, safety globe, gate, plug, needle, ball, butterfly, etc., for *various pressures and corrosive fluids.* Pneumatic and motor-operated control valves.
6. Tanks and Separators for low, medium and high pressures in carbon steel and stainless steel and for special design.
7. Tower packing and internals: such as raschig rings, trays, distributors, etc.
8. Refractories, lining and castable materials for vessels, furnaces and flue ducts.
9. Insulation and lining materials for high and low temperature duty.
10. Instruments including accessories: transmitters, relays—pneumatic and electronic, panel instruments, automatic analysers, pilot solenoid valves, optical pyrometers, instrument erection materials, etc.
11. Structural steel material.
12. Catalysts, *platinum/rhodium gauze (net).*
13. General filters, air filters, demisters, strainers, separators, ammonia filter, air ammonia fine filter.
14. Ammonia air mixer.
15. Turbo set consisting of: *air compressor to about* 4 Kg/cm^2, NO—compressor to about 4 Kg/cm^2 or 9 Kg/cm^2 condensation steam turbine to steam of 17 to 40 Kg/cm^2 and about 4,000 Kw, tail gas turbine and steam condensator for turbine.
16. Ammonia Burner with waste heat boiler, system La Mont.
17. Centrifugal pumps (C.S., C.I., S.C. alloy steel) for cooling water, D.M. water, condensate, vacuum, chemicals process and *non-process use.*
18. Vacuum system: Steam ejector.
19. Deaerators.
20. Electrical equipment: switch gear including rectifiers capacitors, etc., *for safety* and explosion-proof designs, cables of various sizes, lighting materials and fitings, motors, etc.
21. Other equipment: mechanical seals, gland packings, drive couplings, instrument air drier, on-line cleaning equipment for surface condensers, cathodic protections for underground pipes.

VOJVODJANSKA BANKA,

UDRZENA BANKA, NOVI SAD, (YUGOSLAVIA)

was given the credit in counter-value of US $75,000,000 by International Reconstruction and Development Bank, in different currencies, within the scope of the Yugoslav Agriculture Development Project No. 2, on the basis of which the partial credits are approved for the supply and installation of the equipment for the *Fruit Juices Manufacturing in Mestinje Factory, invested by* Slovin Tozd Vital, Mestinje, Yugoslavia.

Being authorised, the representative of the investor, Gruda, Export-Import Ljubljana, Titova C. 40, Yugoslavia, advertises

AN OPEN COLLECTION OF OFFERS

For the supply and installation of equipment for producing juices from fruits

(Apple and berry fruits)

Detailed data about the kind and technological characteristics of the equipment, and common and special conditions for the supply and installation of the equipment are held in the tender-documentation.

The tenderers can obtain the tender-documentation from Gruda, Export-Import, immediately after publication of this advertisement, but after payment for tender-documentation, which amounts to:

—for home tenderers: Dinars 1,800 which must be paid into a regular account of Gruda, Ljubljana, No. 50100-601-10430 at SDK Ljubljana.

—for foreign offerers: US $100 which must be paid on behalf of foreign currency account of Gruda, Ljubljana, No. 50100-107-716-492 at Ljubljanska Banka, Ljubljana.

*Only tenderers from the countries which are members of the Inter*national Reconstruction and Development Bank and from Switzerland have the right to enter the open collection of offers. The offer in four copies containing all the necessary descriptive and graphic documentation (specifications, description of technical characteristics, prospectuses, drawings, prices for complete or individual equipment) is to be sent to the address: Gruda, Export-Import, 61000 Ljubljana, Titova 40, Yugoslavia; foreign tenderers in English, home tenderers in Serbo-Croatian and Slovene language.

Offers are to be sent within 60 days after publication in the SL. List SFRJ (Official Gazette). The last date for sending the offers is November 15th, 1978 at 8 a.m.

All the information necessary can be obtained from Slovin, 61000 Ljubljana, Frankopanska 18, Technical Development Department.

GHANA SUPPLY COMMISSION

TENDER FOR BENSO PALM OIL PROJECT

The Ghana Supply Commission invites tenders from UK manufacturers and suppliers for the supply and erection of materials for the main mill building *of a Palm Oil factory* to be built at Benso in the Western Region of Ghana.

Interested British manufacturers, suppliers, etc., of such building materials can obtain tender documents for a non-refundable fee of £100.00 from the Purchasing Liaison Officer, Ghana Supply Commission, 58-59 Berners Street, London W1P 3AF.

Duly completed tender documents should reach the Purchasing Liaison Officer, Ghana Supply Commission, 58-59 Berners Street, London W1P 3AF, on or before 3 pm on 23rd October, 1978.

NOTICE

PUBLIC BID NO. 537-78

For the furnishing, delivering to the site and supervision of erection of the powerhouse crane

All parties interested in this bid which was announced to be opened on Monday October 2, 1978, at 10 am, are hereby notified that it has been postponed until Monday October 30, 1978, at 10, in the Panama Room of Hotel Panama.

CONTRACTS AND TENDERS also appear today on Page 6

Building and Civil Engineering

New centre for Bank of Scotland

LAING SCOTLAND has won an £8.8m contract to build a new headquarters for the Royal Bank of Scotland in Edinburgh. Work will be starting shortly and is due for completion by the end of 1980.

The five-storey building will be constructed on a site in Dundas Street. Two lower ground floors will be clad in situ in stonework and the three upper floors will have stone-faced precast concrete panels and bronze aluminium windows with double glazing. It will contain plant room, data processing floor housing two main computer rooms, a large open plan systems development area, a clearing department including reader/sorter rooms, and open plan offices.

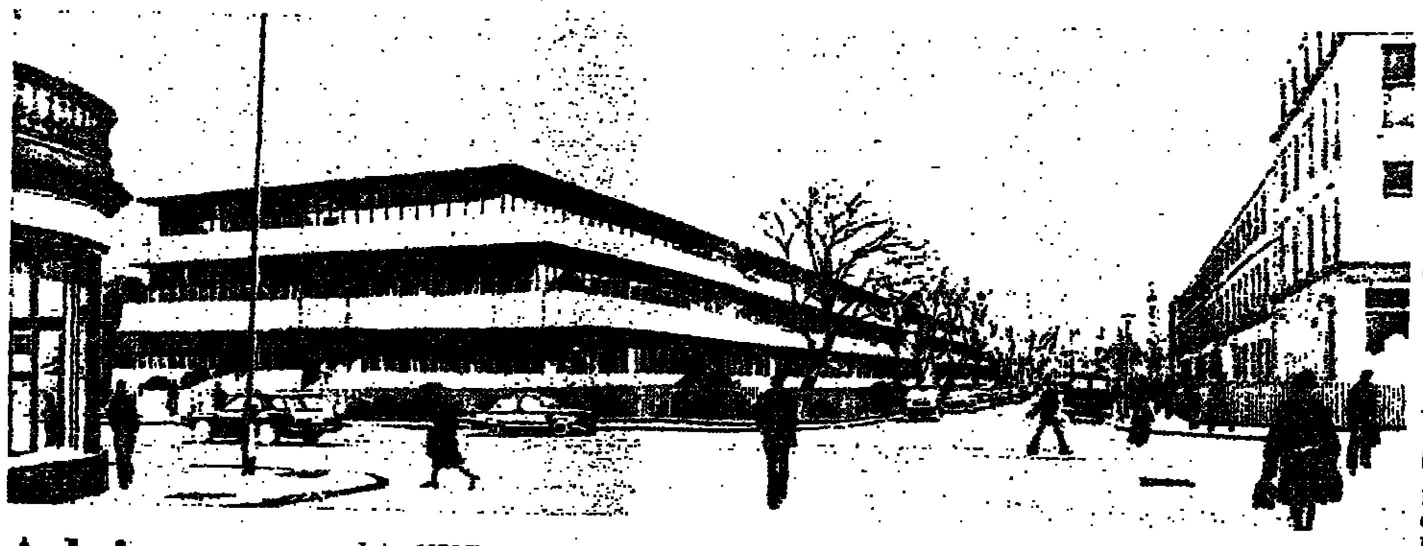
Construction will consist of a reinforced concrete frame building founded on large diameter cast in situ bored piles. The piles will support a reinforced concrete slab foundation and the upper floors will be of flat slab design using waffle pans to minimise the dead weight of the structure.

Work also involves extensive mechanical and electrical services including what is believed to be one of the largest heat recovery systems to be used in the United Kingdom. The system will re-use waste heat from computer equipment to provide background heating to the office areas. The building will be fully air-conditioned by means of a variable air volume system.

External works include parking for upwards of forty cars, landscaping, and fencing. A pedestrian bridge will link across from Dundas Street to the new entrance.

Architects are Michael Laird and Partners: Blyth (M&E); and the quantity surveyors are Blyth and Blyth (QS), all of Edinburgh.

When the new building is completed it will bring together up to 500 computer and administrative staff who are either based at the existing headquarters or occupy a number of buildings in the city.



Advice on irrigation in Sudan

SIR M. MacDONALD AND Partners, consulting engineers of Cambridge, have been appointed by the Ministry of Overseas Development to investigate reports of a high water table in the vicinity of the Wad Hamid project in Sudan.

The engineers, who were responsible for the design and supervision of construction of the recently opened 120,000 hectare Rahad irrigation project in the Sudan, have been asked to assess the causes of the high water table at Wad Hamid, and to report on its probable effect on future irrigation projects in the area.

To be completed early next year, the work involves boring wells and measuring the water table in relation to river flood level variations during the period July 1978-February 1979. The field work will be followed by analysis of the results and preparation of a report.

The partners are currently advising the Sudanese Ministry of Irrigation on the remodelling of old pumping installations on the Nile, with a view to improving the irrigation potential. This work is funded by the UK Ministry of Overseas Development.

Gypsum and biocides plant

SIR ALFRED McALPINE & SON (Northern) has won two contracts with a combined value exceeding £2.4m.

The largest of these, worth almost £1.9m, is for British Gypsum at Runcorn, Cheshire. Cementation Projects, of Mitcham Surrey, is the design managing contractor for the project.

For ICI organics division, McAlpine is to construct the building for a new Proxel biocides chemical plant complex at Dalton Works, Huddersfield. The contract, valued at around £530,000, involves erection of the main plant building.

Handling a brittle subject

WORTH SOME £190,000 a contract for the design, manufacture and installation of glass units forming the ground floor entrance of the new 600 foot National Westminster Tower, Broad Street, London, is being carried out by James Clark and Eaton.

The order is for glazing approximately 18 tonnes of glass, including nine plates measuring 9.5m high and 1.65m wide which are the longest pieces of glass to have been produced in the U.K. These main plates plus 10 slightly shorter ones, fitted above the entrance doors and a bulkhead, are each 19 mm thick.

Spanning the height between ground level, mezzanine and first floor, the glass assembly has been designed to withstand wind pressures of 40 lbs per square foot equivalent to wind speeds up to 125 mph. To withstand this tremendous pressure, the main plates are supported by glass stiffener plates 25 mm thick, set at right angles inside and outside the main facade. Tall plates tend to how under their own weight and produce distorted reflections if they are stood on their bottom edge.

Drake & Scull bring in £6m more

NORTHERN REGION of Drake and Scull Engineering has obtained orders for mechanical and electrical services amounting to over £6m. These are in addition to orders also worth £6m announced earlier this year by the south west region of the company.

The new orders cover industrial, commercial and public sector contracts, the largest single one being for the electrical services associated with the Midland Bank Computer Centre in Sheffield, which is worth an unprecedented £3.1m. Main contractors for this project are Taylor Woodrow Construction (Midlands) and the architects are Whinney Son and Austen Hall.

Also included in the £6m are contracts from the Greater Manchester Transport Executive at Bury and Manchester, the ICI Pharmaceuticals Division at Alderley Park, two central area developments at Blackpool and Blackburn and two multi-service contracts for Shell Research at Thornton and for the Cheshire Building Society headquarters at Macclesfield.

Deep freeze extensions

F. A. WALLIS, the cold store design and construction company, has won two major contracts.

At Exeter a 250,000 cubic ft extension is being constructed to existing cold store for Plymouth Cold Stores. The work involves all civil construction, steelwork, cladding and cold store insulation. On the same site they are responsible for constructing two blast freezers and for carrying out various building alterations and additions in conjunction with the project.

At Newport, Gwent, the first phase of a cold store complex is being built. The initial phase of over 500,000 cubic ft for Welsh Cold Stores, Cardiff, is due to be completed in November this year. Here the involvement is for the whole of the cold store insulation.

Atkins oversees £100m highways

THE CAPITAL value of highway and bridge work in Kuwait, for which W. S. Atkins Group is responsible, has now reached over £100m, upon the award from the Ministry of Public Works of two further consulting engineering commissions regarding extra construction work worth around £50m.

The larger of the two latest commissions is for the design and supervision of construction of 30 km of the Sixth Ring Motorway, and associated roadworks, across open desert on the south-west outskirts of the city of Kuwait. The project involves dual-carriageway, two-, three- and four-lane motorway with eight major junctions.

Design work began in June and it is anticipated that on-site construction will start in the summer of next year for a planned completion date in autumn 1981.

When completed, in the early 1980's the Fahaheel Expressway and the Sixth Ring Motorway, will provide a fast through-route between Iraq and Saudi Arabia.

Nine steel flyovers, to be erected on the Fourth Ring Road and at other locations in Kuwait City, make up the substance of the second commission.

Having given its client a general appraisal of the proposals submitted by the main contractor for the project, Kawada Industries of Japan, the company is now performing the required design checks for certification. This will be followed by the supervision of construction.

Work here involves the inspection of steel fabrication in Japan which will be carried out by Atkins Inspection Services. Construction of the flyovers has already started and completion is due within the next 15 months.

£2½m Scottish plants

ORDERS valued £2.5m have been received by Rush and Tompkins, for work in Scotland the first contract, valued at £700,000 is for the construction (in 43 weeks) of advance factories at North Newmoor Industrial Estate for the Irvine Development Corporation.

At Port Glasgow a two-storey office building to be occupied by the Department of Health and Social Security is to be constructed for the Property Services Agency. The contract is valued £590,000.

The Cumbernauld Development Corporation has placed an order valued at £420,000 for Phase 3A advance factories at Wardpark East Industrial Area.

Valued at £390,000 work will commence shortly on Phases 2A and 2B of the Central Development, Alexandria Strathclyde for the Dumbarton District Council for 20 shop units with storage space over, together with pedestrian ways, service lane, access roads and car parking facilities.

Work has begun on a commercial vehicle depot at Long Benton, Tyne and Wear, for the Henley Group. Also under way, providing additional office space, is an eight week contract at Ossett, Leeds, for Unigate. An order for refurbishing the on-line inspection centre, Cramlington, Northumberland, for British Gas has just been received. Additional production space for Foley Packaging is being built at Newport, Gwent, and further work at RAF Lynham, Wiltshire, completes this batch of five contracts valued at a total of £600,000.

Simon baby in Scotland

SIMONBUILD of Stockport (a Simon Engineering company) has formed a new company in Paisley to handle building and civil engineering contracts in Scotland.

Simonbuild (Scotland) is at Phoenix House, Inchinnan Road, Paisley (telephone 041-887 2405). It will undertake building and civil engineering, structural and architectural design, design and project management, and BBRV pre-stressing of concrete structures.

Superstore and new warehouse

FAIRCLOUGH (Midlands), based at Walsall, has won warehouse and superstore contracts together worth £2.5m.

The largest contract is for a new £1.5m Tesco superstore in Hall Street, Dudley, West Midlands. Work should be completed by December, 1979.

At Ashby-de-la-Zouch, Leicestershire, work also recently started on a £1m distribution warehouse for United Biscuits. Fairclough expects to finish this job next May.

Equips a laboratory

EDWARDS HIGH VACUUM, of Crawley, Sussex, has won a major contract for the exclusive supply of all equipment for a new vacuum physics laboratory in the Universiti Teknologi Malaysia in Kuala Lumpur. It is thought to be the largest order for vacuum equipment ever placed by a university (laboratory).

The laboratory is part of a new facility for a degree course which covers vacuum physics, and the Edwards contract covers preparation of experiments and course notes for students as well as manufacture and installation of all equipment, and assistance in training of staff.

The range of equipment ordered is very wide since both pure and applied vacuum physics are to be covered on the course. It includes pumps, chambers, instruments and testing and calibration facilities, as well as plant for specific vacuum applications

IN BRIEF

● A £150,000 consignment of industrial fans manufactured by Sturtevant Engineering Products has left the company's Denton, Manchester, plant en route to Poland. The fans will be installed in a £175m complex which is being built at Wloclawek. Main contractors for the complex are Petrocarbon Developments, who are co-ordinating the resources of three major engineering design and contracting companies: Davy Powergas (UK), Catalytic International (U.S.), and Shin Etsu (Japan).

● BRITISH Airports Authority says that from mid-1980 passengers travelling on the busiest routes between London and some major European cities—particularly Paris—will use a special new terminal satellite at Heathrow. The new satellite, costing £8m, will provide improved passenger service for the travellers on these key routes. It will be built on the aircraft apron between Terminals 1 and 2, and be linked to both by moving walkways.

● CO-OPERATIVE Insurance Society has awkarded Bovis Construction the contract to carry out a major refurbishment of office premises at 16-20, Red Lion Street, London, WC1. Valued at aproximately £626,000, the work will cover an area of about 40,000 square feet and will include the installation of two new lifts as well as modern heating and electrical services.

● CONTRACTS FOR supplementary engineering services for an American principal, a trailing-suction hopper dredger for a west European contractor and a self-propelled cutter suction for a west European consortium have boosted the IHC Holland Group's order book by more than 85m guilders.

● A MAJOR addition to the East Mains Industrial Estate at Broxburn, near Edinburgh, is being built by M. Harrison and Company (Leeds) for the developers Hanover St. Georges Estates. Twelve terraced units having a total floor area of 64,000 square feet are being constructed and will form Phase Three of the estate development. Value of the contract is approximately £1m and the work is scheduled to take about 18 months.

● WATES CONSTRUCTION has completed, on schedule, a new district office for the South-Eastern Electricity Board in Sandy Lane, Teddington, Middlesex. The 3,252 square metre three-storey block overlooks Bushy Park and has been constructed with an in situ reinforced concrete frame clad in brick, block and patent metal sheeting. An energy saving "heat recovery" electric heating and air conditioning system is a major feature of the new building, which stands on a 1¼-acre site.

LOMBARD

The scientist in Whitehall

BY DAVID FISHLOCK

THIS WEEK the Government expects to publish the first report from its Advisory Council for Applied Research and Development (ACARD), under the chairmanship of the Lord Privy Seal, Lord Peart. It has been drafted by a working party headed by Mr. Robert Clayton, technical director of GEC, and deals with the industrial application of micro-electronics.

But the influence of the first ACARD report on the Government, in underscoring the profound importance of micro-electronics and microprocessors—"chips"—in the regeneration of British industry and hence to the Government's industrial strategy, has already been acknowledged. The scientists' findings supported the advice of the Electronic Components Sector Working Party, which saw chips as a growth sector deserving of special Government assistance.

New products

In July the Department of Industry announced that £70m was to be spent in assisting the development and manufacture of chips and of new products using chips: and another £15m on research and development to help create, in the words of Mr. Eric Varley, Secretary for Industry, "an aware and strong range of user industries." The Government has also given its blessing in principle to the plans of the National Enterprise Board to set up a new company, Inmos, making chips and, eventually, the products that will use them.

Hard on its heels, however, will come two more reports from ACARD, closely related and no less profound in their implications. The Prime Minister referred to them briefly at the TUC's conference in Brighton. One, expected next month, is on industrial innovation, from a working party headed by Dr Alfred Spinks, director of research for ICI. The third report, expected early next year, will examine the social and economic consequences of technological change. It could well prove the most important of all. These reports could pave the way for a scientific input to the nation's affairs as influential as it was during the war. At best the Government's interest in science has been half-hearted since the fleeting honeymoon of the "white-hot technological revolution" in the early 1960s.

ACARD, still almost unknown publicly, has its origins in Lord Rothschild's controversial review of national research and development in 1972 and the Government's endorsement of his "customer-contractor" principle for research funding: "The customer says what he wants; the contractor does it (if he can); and the customer pays." The principle worked well for the Ministry of Defence, and Lord Rothschild had been trying to adapt it for Shell, before joining the Cabinet Office as first head of its new Central Policy Review Staff (or Think Tank).

In 1975 the Government abolished the post of chief scientific adviser in the Cabinet Office. In its place it appointed a chief scientist to the Thinktank at one level lower, deputy-secretary rank, as deputy to its new head, the economist Sir Kenneth Berrill. Rather than occupying the autonomous role enjoyed successively by Lord Zuckerman and Sir Alan Cottrell, Professor John Ashworth, the young don recruited from the University of Essex, became part of an influential team with a broad spectrum of national interests. He has special responsibility, of course, for those questions calling for technical expertise. And, quite separately, he acts as "proxy" chief scientific adviser for example in representing the Government in international scientific activities such as the UN conference on technology for the developing world in Belgrade this week.

Biased

But the Government has made it plain that the main thrust of the advice it requires at the centre is technological and economic. ACARD itself is deliberately biassed towards industrial research and development: where its forerunner, the Council for Scientific Policy, was composed mainly of very eminent dons, ACARD was conceived as a new source of advice for the Cabinet Office, tapping the front ranks of applied science. Another new source is committee of permanent secretaries and departmental chief scientists under Sir John Hunt, secretary to the Cabinet.

In the event ACARD was slow to assume its new role until Professor Ashworth himself showed what advice the Government required and how it could be obtained quickly. The scientific community, still grieving the abolition of the role of chief scientific adviser, will—and indeed must—assess very critically the scientific advice it is providing, on the basis of the forthcoming reports. But the Prime Minister has already made it plain that he believes it to be precisely the advice the Government needs to underpin its ideas for rebuilding the manufacturing base of Britain.

Leonard Burt

Mr. Guy Richards, chairman designate of the Broads Authority, relaxing on home ground

Trawling on a broad front

BY ANTHONY MORETON

NEXT MONDAY a committee of various representatives involved in the Norfolk Broads will sit in an office in Norwich to interview six men who have reached the final short list for the post of Broads Officer. No less than 1,500 people put in for the job, attracted by the salary (starting at £10,300), the area or the challenge of the job.

The Broads are one of the great holiday areas of England. Over the last 30 years they have seen considerable change: there has been a great increase in traffic: pressure has been put on a limited number of facilities; and there have been conflicting demands on the waters which flow through them. But because there has been no co-ordinating body development has been haphazard.

The history of the Broads goes back for centuries. The rivers flow principally out through Great Yarmouth, but the lakes are actually man-made. They originated in the 13th century when the rising sea level, relative to that of the land, flooded the peat workings.

During the intervening centuries this water system became an important part of the local economy as a form of inland communication, a source of drinking water and sewage outlet, a base for ecological life, and a centre for tourism. These potentially conflicting uses have not always sat happily together.

Tourism was a late starter but it is this which has led to greater pressures in recent years, especially on erosion of banks and the need to spend more on roads, shops, catering facilities and all the other things which prevent an area seizing up in the peak holiday months.

In 1967, for instance, two years before commercial traffic peaked out, there were 2,945 motor craft and 864 yachts registered for hire, with 3,057 motor craft and 1,425 yachts privately owned. The Broads were so busy that there was serious concern at the pressure being created within a limited space.

All craft have to be licensed with the Great Yarmouth Port

AROUND BRITAIN

NORFOLK BROADS

and Haven Commissioners, the body reponsible for navigation on the waterways. But in addition the waterboards were responsible for sewage and sewerage, Norfolk and Suffolk were the planning authorities. Other councils had their own interests. The Countryside Commission also kept a watching brief.

Reaching unanimity on the needs of the Broads as tourism continued to increase in importance proved next to impossible until Norfolk, in the late 1960s, came up with a wide-ranging plan. Although it did not come to anything immediately it was the first catalyst. The second was local government reorganisation in 1974, which reduced the number of councils responsible for the Broads to eight—the two counties and the six new-style districts—and the consolidation of all the waterboards into one Anglian Water Authority.

At this point the Countryside Commission entered with a proposal to create a national park for the broads. The suggestion aroused such antipathy that it drew the councils together and forced them to act in concert. To its credit, the Countryside Commission saw the strength of the opposition and decided to join in a different scheme revolving around a Broads Authority.

The Authority has been given a budget of £190,000 a year for each of its first two years and then £285,000 a year for the next three and all the councils and the commission share the cost. The Haven Commissioners and the Water Authority are precluded by law from putting up money but are, instead, contributing to the work of the Authority by meeting some of its capital works.

The aim of the Broads Authority will be to co-ordinate the strands which comprise the life of the Broads and point the way forward. To some extent, it has been aided by economic forces lifting some of the pressures that were causing great concern.

Since the peak of commercial activity in 1969 there has been a significant shift in the pattern of vessels plying the Broads. The number of motor craft for hire has dropped by 5 per cent while those privately owned has gone up by half. This causes less pressure on the waterways since hire boats are used every week in the summer and for a good part of the rest of the year, whereas a private boat may not be in use for more than three or four weeks a year.

RUGBY BY PETER ROBBINS

End of era for Wales but English hopes high

THE Argentine and the All Blacks are both soon due here on short but hectic tours—and the new rugby season seems certain to be full and exciting.

The incipient disintegration of the great Welsh team also makes it likely that we shall have a new champion in the five nations' tournament.

The All Blacks arrive fresh from their 2—1 victory in the Test series against Australia—although fresh is perhaps inappropriate as Australia won the third international 30—16 and inflicted their biggest-ever defeat on New Zealand.

Traditionally, New Zealand's strength has been with their forwards—not in their scrummaging power—but rather in their superbly co-ordinated rucking and loose play. The traditional roles of Lion and Kiwi have, however, been completely reversed.

Lament

The point about both tours is that the home countries (except France) have an early chance tot get their teams right. It is the continual lament of national selectors that so much depends on the opening game — get it right then and continuity is possible, but a defeat almost inevitably leads to unwarranted changes.

An England XV will play the Argentine at the end of their tour whereas Wales field a B side from which full internationals are of course excluded.

Wales may regret not according a higher status to this match following their traumatic tour to Australia, the retirements of Gareth Edwards and Gerald Davies and the possible absence of Phil Bennett.

All the teams have rebuilding problems, but the vital question is: In what state will the tourists find our game? Are standards of play what they were 10 or 15 years ago? I think the answer to the second question is no—and this is not the moaning of someone who envies present-day players.

I am relieved not to have to take part in robot-like matches in which originality is as rare as a ticket for a Cardiff international. My conviction is that too much emphasis has been placed on forward play to the exclusion of creative back play.

Where are the really classy three-quarters of yesteryear? If they exist, they are perhaps enclosed in squad systems which do not allow individual expression. There seems a universal inability to pass the ball quickly and coaches have over complicated what is basically a simple technical manoeuvre. Now everything hinges on second phase ball with the centres crashing headlong into the opposition.

The law changes were designed to release the game from unacceptable strictures but in the last decade the wheel has turned full circle and the result is forward pre-eminence and automatons as three-quarters. The squad system has its merits but also attracts conglomerate thinking rather than personal expression.

The scrum-half has become the dictator in the game rather than the fly-half and of course the classic case is Gareth Edwards.

He is the most complete scrum-half I have ever seen. He has rescued Wales from the brink of defeat on many occasions.

But, for all his greatness, Edwards actually stunted Welsh back-play, although usually for the cause of winning.

A comparison between the styles of the 1971 and 1977 Welsh Triple Crown teams indicate the extent of the decline in back play. In that short space of time, winning has become paramount whereas winning in style used to be possible for both the Welsh and the French.

The 1971 Welsh team had the symmetry and attitudes that were somehow the epitome of all that was good in rugby. The 1977 team was as efficient and rather dull but acceptable to a public demanding success.

Wales must face the season with some pessimism for Edwards is irreplaceable. Only he could cover the mistakes of a second row at the line-out, or of a back-row that for all its wisdom was very slow. There are loose forwards aplenty in Wales but it is in the second row that new blood is needed—for they will be forced to play a more mobile game.

Scotland's back row was also pedestrian—with Biggar needing two quicker men to complement him. It was clear at Cardiff that Scotland had great ability behind the scrum but needed a settled half-back pairing to bring out that talent. A reconciliation between Lawson and the SRU is quite possible and he could then team up with McGeechan.

After a season of rot-stopping under the coaching of Noel Murphy and the captaincy of scrum-half Moloney, Ireland will now have to be much more creative and adventurous.

This may mean the selection of Robbie, the Cambridge captain, at the expense of Moloney. Robbie on form was certainly a better player technically.

Exploit

England would seem to hav their best chance for years wit their well-established pack but think this is about the tent time that I have mentioned th problem of their half-backs.

There is simply no one aroun with sufficient authority in eithe position to exploit the skills c the other three-quarters.

Nevertheless, I think Englan will win the championship th year—and after years of famir that would be an immense fill

SOCCER BY TREVOR BAILEY

Swansea set the ball rolling for South Wales revival

TALK ABOUT football in South Wales and for years one instinctively thought of rugby, but this no longer applies in Swansea, where a considerable soccer revival has occurred. Although it is too early to call it a revolution, if the dreams of Malcolm Struel, the Swansea chairman, come true, this could indeed occur.

The club's Board consists of realists, not dreamers, who are working hard to achieve that objective and have done very well so far this season, after being promoted to the Third Division with a late run last year and making a £12,000 profit.

Their league attedances have soared from an average 8,800 last season to over 15,000, while more than 24,000 turned up for their League Cup game against Tottenham Hotspur, whom they convincingly beat in the return match at White Hart Lane. Whether this enthusiasm and support can be maintained will depend on the football they can provide.

They will certainly need to become far tighter at the back than they were against a very limited Tranmere on Saturday. Although Swansea eventually won 4-3, are top of the table and displayed plenty of spirit to come from behind twice, no team can afford to give away three goals, through a mixture of inexpert keeping and poor defensive play from their centreback, Bruton.

Surely the redoubtable Tommy Smith must be moved back, rather than operating, without real conviction in midfield.

Lapses

On this occasion the team did not have to pay for their elementary lapses and the game provided fine entertainment for more than 16,000. They possess a sparkle and are prepared to throw men forward in their all-out pursuit of goals, so they are fun to watch.

One also gains the impression that they are capable of producing football which would not be out of place in the Second Division.

Although the greatly increased attendance figures are proof of the new awareness of soccer in the area, even more impressive has been the hard cash received for season tickets. This has jumped from £22,000 to £60,000 and enables the club to improve some of its facilities.

However, Malcolm Struel has appreciated that few clubs can exist, let alone move forward just on the revenue from gates and season tickets, while the selling of the best players is often a self-defeating exercise. So he has organised a commercial department, which should produce a profit of about £200,000 this year, three-quarters of which will come from lotteries. It will be needed.

Inspired

Although the Swansea board is to be congratulated for the considerable part it has played in re-awakening interest in the town and surrounding districts, the success of the club will ultimately depend on the players and the manager.

At the back end of last season John Toshack was appointed player-manager, an inspired selection. John, a giraffe-like target man with a deceptively casual style, had for many years been a key figure with Liverpool and Wales—Keegan, in particular benefiting from many of his headers.

With his Welsh background he was a natural choice and on arriving at Vetch Road he was delighted to find that Swansea, although in the Fourth Division, were a footballing side.

This fact has assisted enormously. Having spent so long with Liverpool, where football is a science as well as a game, where possession is all-important, where accuracy of pass is considered a necessity not a virtue and where running off the ball is hard and unselfish, he needed men who were natural ball players not merely runners.

In an effort to strengthen his team and to take the Third Division championship at the first attempt, he turned to Liverpool for assistance ar acquired four players who ability and character he h known at Anfield.

He bought Waddle fro Leicester and Boersma fro Luton and obtained Smith a Callaghan, both still acco plished footballers and real pr fessionals, straight from former club.

Skilful

Although the wages of Smi and Callaghan will be high than normal in the Thi Division, no transfer fee w asked, a reward for the o standing service they both ga Liverpool over the years. return the Merseyside club w obviously have first opportun to buy any Swansea play placed on the transfer list.

All five former Liverp players were named for Sat day's game. Callaghan, mak his first appearance, and Sm should both prove a considera short-term asset. But the r future lies with the clu youngsters, like Charles, attacking wing-half of exceptio promise and Curtis, an exciti skilful striker.

South Wales has tradition proved a prolific breeding grou for soccer, in spite of the m lost to rugby and with m schools now playing both ty of football, the numbers sho increase.

Over the last decade many the promising boys have g to glamour clubs, but with present success and the r spirit they are now queuing to join Swansea, where they receive the essential groundi

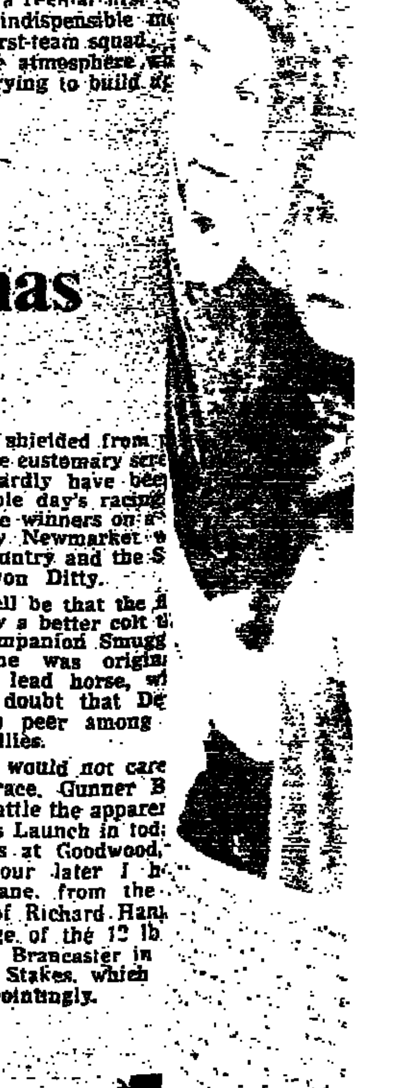
One vital reason why Li pool have dominated English European football for so long been the family atmosph which has been so carefu created.

It has enabled them to h on to players who although commanding a regular first te place, were indispensible me bers of the first-team squad.

This is the atmosphere Toshack is trying to build at Vetch Road.

RACING BY DOMINIC WIGAN

Greek shipping director has earned his Leger triumph



ALTHOUGH IT was disappointing to see Ile de Bourbon never getting a blow in, the St. Leger produced a thoroughly satisfactory result in that it was won by Julio Mariner, owned by Captain Marcos Lemos.

The popular Greek shipping company director has put a tremendous amount of money into the British racing and breeding industries with only a modest return.

A bitter disappointment in the Derby where many expected him to reverse Mecca-Dante Stakes running with Shirley Heights, Julio Mariner again disappointed in both the King George VI and the Benson and Hedges.

There are sure to be those who take the view that the Blakeney colt is, at best, "a bit of a character" who has come good some three-and-a-half months too late, but I am inclined to row in with Edward Hide's opinion.

"You can't often go on making excuses for a horse but in his case you can. In the Derby the course and the ground were against him. At Ascot we came too soon, and at York last time he wasn't himself with the blinkers on."

Julio Mariner, in my opinion, by far the best-looking runner in the St. Leger, lifted the season's last classic in a record time of 3 minutes 4.94 seconds after being eased close home.

But for the fact that Easter King was fatally injured himself when coming over backwards after rearing in the stalls—and was then not shielded from pu lic view by the customary scre —it could hardly have bee more enjoyable day's racing.

Two notable winners on a dominated by Newmarket w Town and Country and the S chestnut Devon Ditty.

It could well be that the f named is now a better colt t his stable companion Smugg for whom he was origin bought as a lead horse, w there is no doubt that De Ditty has no peer among first-season fillies.

Although I would not care bet on the race, Gunner B likely to outbattle the apparen soft Admiral's Launch in tod Valdoe Stakes at Goodwood.

Half an hour later I h to see Ribolane, from the form stable of Richard Hann take advantage of the 12 lb receives from Brancaster in Royal Sussex Stakes, which cut up disappointingly.

GOODWOOD

1.45—Golden River**
2.15—Persico
2.45—Flying Fire
3.15—Gunner B*
3.45—Ribolane***
4.15—Major Bee

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.38 For Schools, Colleges. 10.45 You and Me. 11.22 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Hong Kong Phooey. 4.40 C. B. Bears. 5.00 John Craven's Newsround. 5.10 Blue Peter.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Dad's Army.
7.20 Tycoon.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "Slither" starring James Caan.
11.00 Tonight.
11.40 Weather/Regional News.

All regions as BBC1 except at the following times:

Wales—1.45-2.00 pm Pili Pala. 4.40-5.00 Pippi Hosanhir. 5.55-6.20 Wales Today. 6.45 Tom and Jerry. 6.50-7.20 Heddiw. 11.40 News and Weather for Wales.

Scotland—10.00-10.20 am For Schools (Around Scotland). 5.55-6.20 pm Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Let's Go.
4.55 Open University.
7.00 News on 2 Headlines with sub-titles.
7.05 World Chess Championship Report.
7.30 News on 2.
7.40 Expert Opinion.
8.10 Des O'Connor Tonight.
9.00 Premiere 2.
9.30 Discoveries.
10.20 The Price of Freedom.
10.35 The Prizewinners: excepts from Leeds International Piano Competition.
11.25 Late News on 2.
11.40 Open Door.

LONDON

9.30 am For Schools Programmes. 12.00 Paperplay. 12.10 Stepping Stones. 12.30 At The Embankment. 1.00 News plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon. †2.25 Monday Matinee: "I'll Be Your Sweetheart" starring Margaret Lockwood, Vic Oliver. 4.20 Clapperboard. 4.45 Enid Blyton's Famous Five. 5.15 Gambit.
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Cooper—Just Like That.
7.30 Coronation Street.
8.00 A Soft Touch.
8.30 This England.
9.00 Sandbaggers.
10.00 News.
10.30 "The Mercenaries" starring Rod Taylor.
12.20 am Close: A poem by John Donne read by Derrick Gilbert.

All IBA regions as London except at the following times:

ANGLIA

12.30 pm First Steps in First Aid. 1.25 Anglia News. 2.00 Houseparty. 2.25 Mystery Movie: McMillan and Wife. 5.15 The Practice. 6.00 About Anglia. 10.30 The Brian Connell Interviews: Sir Hector Laing. 11.00 TV Movie—"The Dead Don't Die," starring George Hamilton. 12.25 am Reflection.

ATV

12.30 pm Healthy Eating. 1.20 Newsdesk. 2.25 The Matinee Idols: "Soldier of Fortune," starring Clarke Gable. 5.15 In Search of . . . Swamp Monsters. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.00 The New Avengers.

BORDER

12.30 pm Gardening Today. †1.20 Border News. 2.00 Houseparty. 2.25 Matinee: "After the Fox," starring Peter Sellers and Britt Ekland. 5.15 The Partridge Family. 6.00 Lookaround Monday. 6.20 Cartoon Time. 10.30 Pro Celebrity Snooker. 11.15 Danger in Paradise. 12.10 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 2.25 Mystery Movie: McCoy. 5.15 Return to the Planet of the Apes. 6.00 Channel News. 6.10 The Beachcombers. 10.28 Channel Late News. 10.32 The Horror Film: "Doctor Jekyll and Sister Hyde." 12.10 am News and Weather in French, followed by Channel Gazette.

GRAMPIAN

9.25 am First Thing. 12.30 pm Old House—New Home. 1.20 Grampian News Headlines. 2.25 Monday Matinee: "Harry Black and the Tiger," starring Stewart Granger, Barbara Rush and Anthony Steel. 5.15 Dynomutt, The Dog Wonder. 6.00 Grampian Today. 6.05 Laverne and Shirley. 10.30 That Time in Argentina. 11.30 Reflections. 11.35 Streets of San Francisco. 12.30 am Grampian Late Night Headlines.

GRANADA

12.30 pm The Galloping Gourmet. 1.20 Dodo. 2.25 Monday Matinee: Jean Simmons, Donald Houston in "The Blue Lagoon." 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Father Dear Father. 10.30 Mystery Movie Premiere: McCoy.

HTV

12.30 pm Farmhouse Kitchen. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 2.25 The Monday Matinee: "Kiss the Girls and Make them Die," starring Dorothy Provine. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. 10.35 The Monday Film: "Castle Keep," starring Burt Lancaster.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 2.00-2.25 Ramidden. 6.00-6.22 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.22-7.00 Report West.

SCOTTISH

12.30 pm Survival. 1.25 News and Road Report. 2.25 Monday Film Matinee: "Prey For The Wild Cats," starring Andy Griffith. 4.05 Tree Top Tales. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.25 Crimedesk. 6.35 Father Dear Father. 10.30 That Time in Argentina. 11.30 Late Call. 11.35 The Entertainers—Mac and Katie Kissoon.

SOUTHERN

12.30 pm Farm Progress. 1.20 Southern News. 2.00 Houseparty. †2.25 Monday Matinee: "Forever and a Day," starring Anna Neagle and Ray Milland. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 10.30 Afloat. 11.00 Southern News Extra. 11.10 "The Spell," starring Lee Grant.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 12.30 pm In Search of . . . 1.20 North East News and Lookaround. 2.25 Family. 3.20 Generation Scene. 3.35 Cartoon. 3.50 Lassie. 5.15 Friends of Man. 6.00 Northern Life including Police Call. 10.30 Revolver. 11.15 The Law Centre. 12.15 am Epilogue.

ULSTER

12.30 pm Farmhouse Kitchen. 1.20 Lunchtime. 2.00 See You Monday. †2.30 Monday Matinee: "Conspiracy of Hearts" starring Lilli Palmer, Sylvia Syms, Yvonne Mitchell and Ronald Lewis. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 Laverne and Shirley. 10.30 Monday Night. 10.00 Review. 11.10 The Partners. 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 The Story of Wine. 1.20 Westward News Headlines. 2.25 The Mystery Movie: McCoy — Bless The Big Fish. 5.15 Return to the Planet of the Apes. 6.00 Westward Diary and Sports Desk. 10.28 Westward Late News. 10.30 The Horror Film: "Dr. Jekyll and Sister Hyde," starring Ralph Bates. 12.10 am Faith for Life.

YORKSHIRE

12.30 pm Farming Outlook. 1.20 Calendar News. 2.25 Family. 3.20 Heart to Heart. 3.50 Andy. 5.15 The Mary Tyler Moore Show. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Pro-Celebrity Snooker. 11.15 Barnaby Jones.

RADIO 1 247m

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30 Alan Dell (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Ray Moore (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 BBC Northern Radio Orchestra (S). 7.30 Alan Dell: 7.30 The Dance Band Days. 8.02 The Big Band Sound (S). 9.02 Humphrey Lyttelton with The Best on Jazz on records (S). 9.55 Sports Desk. 10.02 Pop Score. 10.30 Star Sound. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 News Summary.

RADIO 3 464m, Stereo & VHF

16.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Albeniz and Granados (S). 9.50 Settings of Gerard Manley Hopkins (S). 10.45 Bach violin music (S). 11.05 Music for Harpsichord (S). 12.05 pm Scottish National Orchestra concert, part 1 (S). 1.00 News. 1.05 SNO, part 2 (S). 2.0 Music for Organ by Bach (S). 2.45 Matinee Musicale (S). 3.45 Leeds International Piano Competition 1978 (S). 4.45 New Records (S). 5.15 Bandstand (S). 15.45 Homeward Bound. 16.05 News. 16.10 Homeward Bound (continued). 16.30 Lifelines: Home and Family. 7.30 Te Kanawa, Abbado and the Vienna Philharmonic Concert, part 1: Strauss (S). 7.50 Interval Reading. 7.55 Concert, part 2: Mahler. 9.00 Creation and the World of Science. 9.30 Piano Recital: Bartok, Debussy, Franck (S). 10.15 Keats's Odes introduced and read by Martin Jarvis. 10.30 Beethoven's C Sharp Minor Quartet, op 131 (S). 11.15 Jazz in Britain (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

Radio 3 VHF only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Week. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 A High Wind in Jamaica. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 A Pilgrim's Tale: A pilgrimage to Lourdes. 11.50 Announcements. 12.00 News. 12.02 pm You and Yours. 12.27 Top of the Form. 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather, programme news. 6.00 News. 6.30 Share and Share Alike (S). 7.00 News. 7.05 The Archers. 7.20 From our own Correspondent. 7.45 The Monday Play (S). 9.00 Welsh Voices (Alun Hoddinott). 9.30 A Companion in Rome. 9.59 Weather. 10.00 The World Tonight. 10.30 Origins. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Breakthrough. 10.03 Late Night London. 12.00 Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

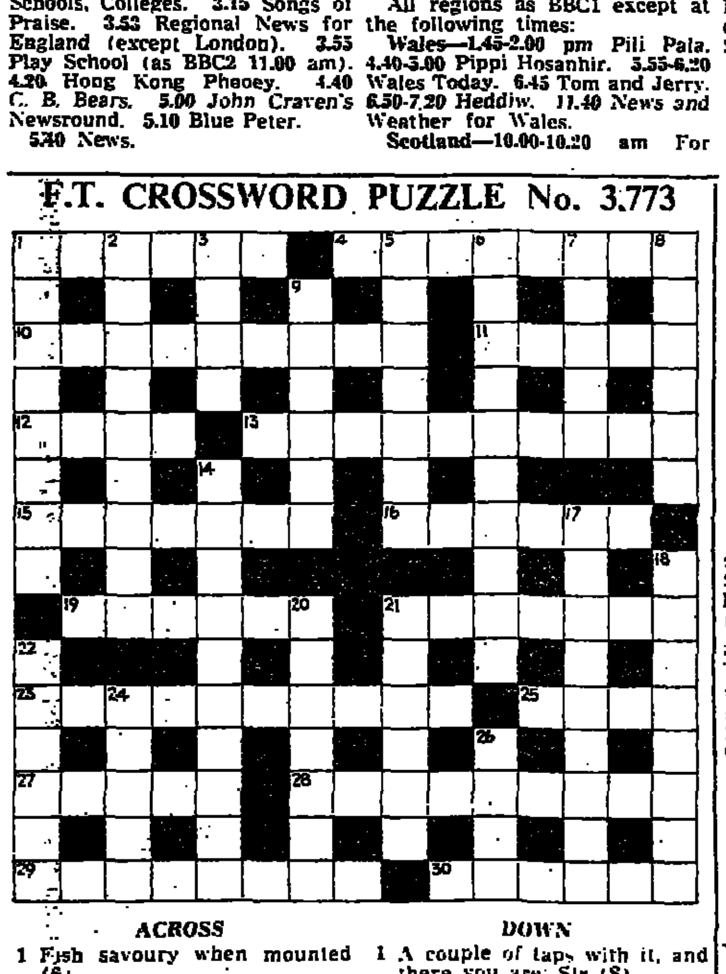
5.00 am Morning Music. 6.00 AM: Non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt Late Show (S). 2.00 am Mike Smith's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,773



ACROSS

1 Fish savoury when mounted (6)
4 Worker with Russian name becomes an N.C.O. (8)
10 Look round—eject the sailor (4, 5)
11 "Give every man thy ear, but few thy ——" (Hamlet) (5)
12 Adds flavour to the scene when Wales play at Twickenham (4)
13 Goes crazy in turns (6, 4)
15 Philistine trimmer (7)
16 Please turn and pass (6)
19 Emergencies mean increase of pay among white-collar workers (6)
21 Old boy finds the spectacle indecent (7)
23 Puzzling result of angry exchanges (5, 5)
25 Otherwise one must leave the girl (4)
27 O, great! It's the last (5)
28 After a final word one unites in pleasant ways (9)
29 With change of properties abandon to a bad end (8)
30 I need a change of epic (6)

DOWN

1 A couple of taps with it, and there you are, Sir (8)
2 One who goes about a short time as a preacher (9)
3 Not touched by Mrs. Sprat (4)
5 Treaty here lacking in cordiality (7)
6 Causes hesitation, like a trained dog, we hear (5, 5)
7 Look it, and get a move on (5)
8 Fashionable attempt about to finish (6)
9 Ancient god has a short time on the lake (6)
14 A narrow escape for precincts to possess (5, 5)
17 Is well met possibly in a happy experience (5, 4)
18 Freed Russian comes about the tenure (8)
20 Made a speech about an American city (7)
21 Strange people sometimes get out in elimination (3, 3)
22 Train a fishy group (6)
24 Musical performance demanding work on time (5)
26 The way of the learned (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

صورة من الأصل

Elizabeth Hall

Nihon Ongaku Shudan

Travelling groups of native musicians are becoming the latest fashion with weary concert and festival promoters eager for new sensations and unusual sounds. Ghanaian drummers, Tibetan monks, Maori dancers: all have appeared in this country recently, and have been impressive in inverse proportion to the number of concerts they have given and the sophistication of their presentation. The Tibetan monks' deep, unearthly resonances and clashing cymbals will haunt me for a long time; the Maori dancers' ethnicized renderings of *Crimond* and *Amazing Grace* are already no more than a harmless nightmare.

Nihon Ongaku Shudan, a group of Japanese musicians who called in at the Elizabeth Hall on Friday as part of a tour of Europe and America, falls between the two extremes. Their splendid collection of instruments is authentic, their performances are in the great impassive tradition of Eastern music-making, and their repertoire includes some classical Japanese music. But there is more than a hint of show-biz. Their aim is to "revitalise" their native music, which in the case of their opening number, *Shin-arhyo-jishi*, meant adding numerous extra instruments to this ancient piece.

Most of the programme was given over to new pieces by the group's composers, Minoru Miki (his large-scale *Hote*, an eruption of noise and vigour for some 20 performers, and his solo *Hanayagi* for the specially-enlarged 20-string koto) and Katsutoshi Nagasawa. Nagasawa's *Phantasmagoria*, far from drawing on traditional Japanese idioms, simply used the delicious sonorities of the instruments to provide a cheerful, strongly rhythmical set of movements (featuring highly skilled soloists from the ensemble) which would not have been out of place as Japan Airlines in-flight musak.

Much more impressive was the tiny classical duet for two Shakuhachi — vertical bamboo flutes which were formerly played only by members of one Zen sect—called *Shika-no-Tone*. This sensual, eerie depiction of a deer's mating call (an unusual piece for an instrument with a predominately religious repertoire) exploited the magical possibilities of the Shakuhachi: spluttering, breathy sound with a small melodic range, echoing across the stage in almost dissonant, almost harmonious unisons, endlessly subtle in its inflections — taking one out of time just as the trivial modern works had plunged one into it. This sounded like the real thing.

NICHOLAS KENYON

Battersea Park

The Stranglers

For some months now the Stranglers have been effectively banned from playing in London so it was generous of the GLC to ...y on Battersea Park, and a nice sunny day, for them on Saturday. Watching the group the first explanation for the authorities' heavy-handed attitude is that they wanted to save young minds from boredom—the Stranglers' songs can be very repetitive—while the second is that they inter to save the group from embarrassment—its incoherence on stage would have encouraged even PC Plod to go up and sniff. But probably it was because the Stranglers' form of anarchy ...ds its release in six girls, dressed for a New Orleans honky-tonk rather than Battersea, stripping off imaginatively while the band plays *Nice 'n' Sleezy*.

The GLC was right not to worry. Any energy in the audience had long been consumed in the idiot jumping up and down which accompanied the first few songs and only one man was moved enough to clamber on stage and make an exhibition of himself. He went out with starched petticoats as far as today's music lovers are concerned.

To a great extent the Stranglers' set was a success. Punkish music is so rigid and tedious that *only* by making the occasion a surrealist experience can it have any impact. Most of the mind-stretching comes from the audience, a passive and variegated bunch, mixing the most frightening punks with a reassuring mass of middle-class denim. Apart from moments of panic when great masses started running like frightened sheep, and a sad session of beer can throwing at Johnny Rubbish, where the intentions were fine but the methods deplorable, this was a benign crowd.

The Stranglers took its measure and belted out a standard repertoire, with highlights like "Five Minutes" and "Get a Grip on Yourself" but the sound system was bad and the power in the music dissipated in the fresh air and pretty location. There were moments of passion: when bassist Jean Jacques Burnel bared down and singer Hugh Cornwell threatened wildly. The explosions at the end, which belched black smoke over the Thames, were startling, but in the main the Stranglers strolled through the occasion and the excitement remained in the mind's eye.

ANTONY THORNCROFT

Purcell Room

Henri Honegger

Henri Honegger, who on Thursday gave the first of two recitals devoted to Bach's six suites for unaccompanied cello, is a Swiss musician of seasoned maturity and a former pupil of Casals. I can only record my feeling of unease and distress throughout the recital—my feeling that, indeed, an evening of Jacques Loussier's Play Bach Trio would have been seriously preferable to the supposed "real" Bach presented here.

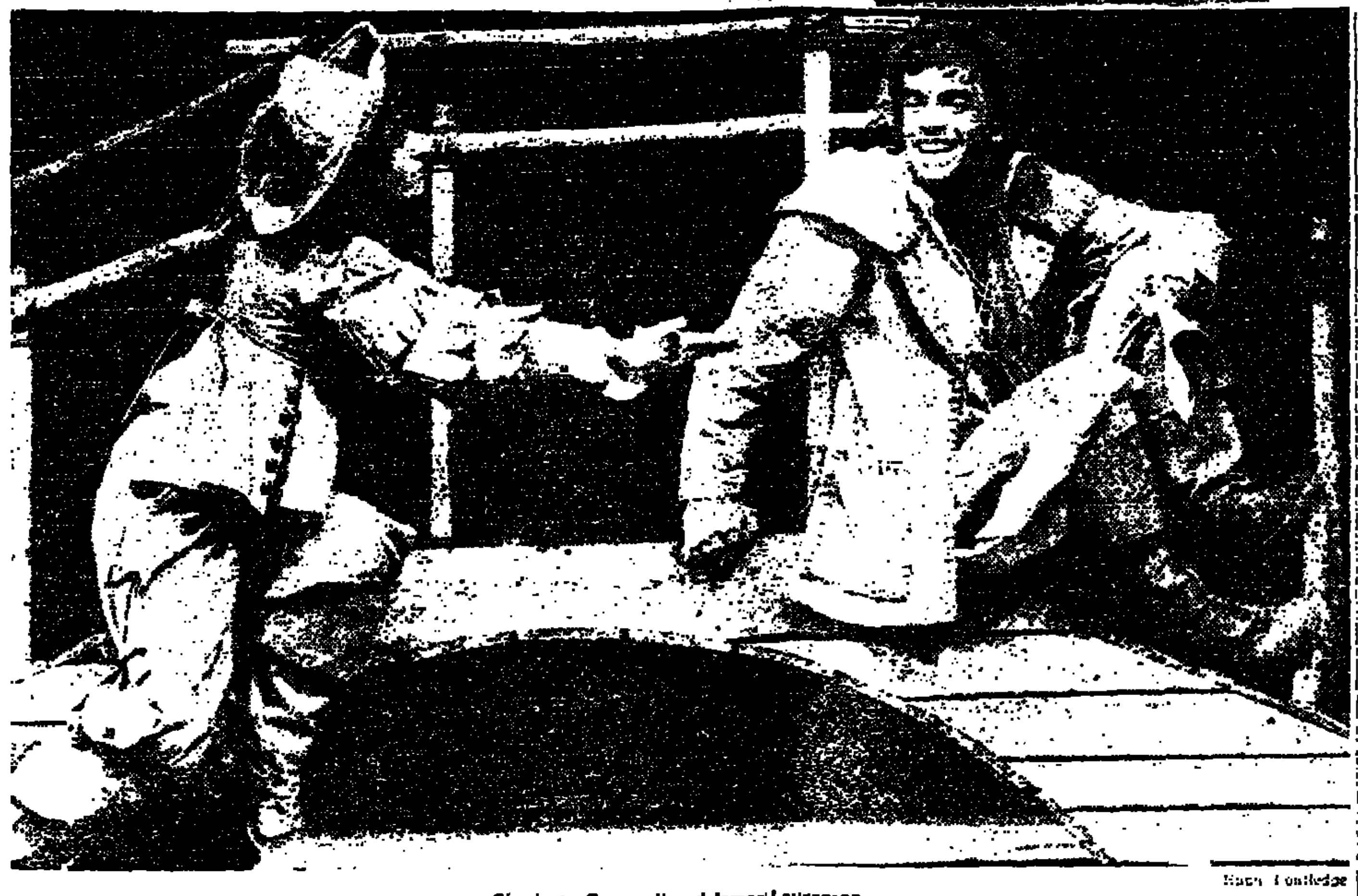
Over his steady jazz beat, Loussier brings to Bach a genuine rubato as the classically trained musician understands it—a lengthened note or a lengthened phrase being compensated by a shortening or slowing to follow, the whole balancing out to make rhythmical sense. Mr. Honegger simply hastens or slows, shortens or lengthens as the fancy takes him. The beat disappears, often leaving me with no sense of Bach's dance-measures unless I glanced down at my printed score.

Particularly disturbing was a propensity to dwell, presumably for the sake of "expression," on the highest note in a phrase, irrespective of the structure of the phrase itself. There was an egregious example in the ninth bar of the opening movement of the Suite No. 1, and another in the second Gavotte of the Suite No. 5. At first I thought Mr. Honegger was going to treat only the slower dance-movements in this manner, but it became clear that even the faster were liable on occasion to receive the same distortion.

Nor were other matters always convincing. In that same opening movement of the Suite No. 1, it was odd to hang on the one note in the final chord which was *not* the keynote. Then, once the Gigue which ends the Suite No. 3 had been played in a properly positive and forthright manner, it was odd to weaken the final note with a diminuendo. Too often, an uncertainty of bowing replaced the true note by its harmonic an octave above.

ARTHUR JACOBS

On December 3 the BBC starts its most ambitious drama project ever: productions of Shakespeare's 37 plays spread over six years. The first to be transmitted will be Romeo and Juliet, with Patrick Ryecart as Romeo, Rebecca Saire as Juliet, and Celia Johnson and Michael Hordern in support. The following Sunday Derek Jacobi and Janet ... star in Richard II (seen above). Sir John Gielgud is John of Gaunt and Dame Wendy Hiller the Duchess of York. The third play of the initial series is As You Like It, recorded on location at Glamis Castle in Scotland with Helen Mirren as Rosalind and Angharad Rees as Celia. There will be three more plays after a Christmas break.



Charlotte Cornwell and James Laurenson

Aldwych

As You Like It

by B. A. YOUNG

It would be madness not to see the RSC's *As You Like It* at the Aldwych, taking any available children of nine years old upwards if necessary. Purged of the excesses that clogged it last year at Stratford—though it still plays for three hours and a quarter, and the long acts were proving hard for some bladders in the stalls on Saturday—it is now as charming and as funny an *As You* as anyone could wish.

Trevor Nunn, doubtless encouraged by the praise he got for his musical *Comedy of Errors*, has introduced music into the play as often as he can, and with no more pretence that it fits into the action than you would find in a Jacobean masque. "Blow, blow," "Under the greenwood tree" and "It was a lover" are concert arias, the first two prettily sung by Michael Bulman with handsome orchestral support from the wings, the last begun by two pages and spreading into delightful counterpoint for the whole company.

There is more music at the bush-wedding of Touchstone and Audrey, and, on the biggest scale, at the final multiple marriage, for which Hymen (Omar Ebrahim) descends from heaven riding on a rainbow and singing Stephen Oliver's recitative as if it were Monteverdi. There was, I thought, too much music at Stratford, and the operatic prologue has now gone. But Mr. Nunn still contrives to work up his characters into a production number where he can, even in the winter-time forest (John Napier's sets have been re-designed for the Aldwych by Quentin Thomas and Gemma Jackson). The deliberately lumbering dance-movements, which have to include such dancers as Adam and William, have been devised by Gillian Lynne.

Where it is apt, the acting is as artificial as the music. Emrys James's Jaques wears a handsome black velvet suit in mid-Arden—the more fool he—and comes right downstage to tell us about the seven ages without making any pretence that the speech has anything to do with what has come before or is to come after. Touchstone (Alan David), though never as imperative as this, will always raise his voice to take over any scene in which his lines are funnier than the rest. He also involves us in some audience-participation. At the other end of the social scale, Silvius and Phebe (Peter Clough and Jane Carr) with their pretty if unpractical shepherds' crooks, turn their country courtship into an existence à la Watteau.

Cheri Lunghi is an uncommonly bright Celia, socially the smarter of the two girls, as indeed we ought to deduce from the fact that Rosalind (Charlotte Cornwell) only marries a youngest son—she didn't know he was going to become a duke—whereas Celia loses no time in marrying the heir to Sir Roland. Miss Cornwell is pure romantic, and handles her love-scenes most adeptly. James Laurenson, having taken several painful falls from the wrestler (Roger Martin), vanquishes him in the manly style which he maintains later on, treating his mock love-making as a game rather than the serious courtship Rosalind is after.

The official first night was delayed by 24 hours because the tape containing the lighting-plot had inadvertently been wiped clean. There was no hint of any mishap by Saturday, when the play went through as if it had been running a month. The assistant director with Trevor Nunn is John Caird.

Wigmore Hall

Nash Ensemble

by RONALD CRICHTON

A programme of straight chamber music with only one work that might be regarded as modish brought a fair-sized audience to the Wigmore Hall on Saturday evening. To describe Hummel's D minor Septet as "modish" is perhaps hard. This estimable piece has been recorded by the Nash Ensemble: a sensible decision, since the by-ways of early nineteenth century instrumental music are now as assiduously collected by enthusiasts as rare opera of the same period.

Hummel, Mozart's pupil, colleague of Beethoven and notable pianist, declined from popularity to the shadowy region of important historical figures. That this fate was undeserved, this Septet proves, even though what Hummel entertainingly does with his material is sometimes more striking than the material itself. The playing was fluent if not always ideally clear. Seven players including a piano is about as much as this platform will take. There was some aural if not physical overcrowding: Ian Brown handled the piano part *discreetly*, but this is music where the lighter tone of a fortepiano might be welcome.

There was no danger of thickness in Mozart's Oboe Trio (K 370), a marvellous piece which may *not* lodge in the mind as firmly as some of his chamber music but has the power of coming back with renewed freshness. The performance, with Robin Miller as the oboist, was clear and finely poised. Fauré's C minor Piano Quartet (the first of his two), like everything else in this concert, gave the impression that it was done for the performers' pleasure as well as that of the audience.

It wasn't stylistically perfectly secure. The usual English vice in performing Fauré—a tendency when the music isn't obviously energetic to lie down and roll in the grass because the sun is shining so warmly—was present even in parts of the unquenchable finale. But enough of the quality was caught to make one hope that the Nash Ensemble will give more Fauré in London. Not only the Second Piano Quartet but the two wickedly neglected Piano Quintets. The second of these (C minor, op. 115) is an acknowledged late masterpiece. The first (D minor, op. 89), hardly less good, is even less often heard. There used to be the excuse that the material was hard to come by. That is no longer the case.

Purcell Room

Songmakers' Almanac

by DAVID MURRAY

The Almanac group deserves its loyal following, which filled the hall on Saturday night. Those of us who arrived after the Purcell Room had run out of programmes (more appeared at the interval, better late than never) had to guess our way through the first half; the Almanac format — songs interspersed with appropriate readings — pre-supposes the printed guide. Just what Jill Gomez and Ann Murray were communicating so beguilingly in their Granados songs had to be conjectured (I was far off the mark with "Callejeo" in Miss Murray's fluid, sparkling performance), and the sequence of unascribed poetry and prose became a parlour game.

Spain supplied the theme of the evening, and we proved to be there with Dame Edith Sitwell and Laurie Lee as well as Neruda and Miguel Hernandez. The extra-musical intent was to amuse more than to instruct, and that succeeded, though I fancied that in the urbane context Hugo Wolf's Spanish songs lost a little of their gravity. Except for "In dem Schatten meiner Locken," vividly dramatised by Miss Gomez, Richard Jackson sang them as robust character-studies, edged with self-mockery and elegantly turned (but for some bluntly English word-ends: we had *Tor-un* and *gebor-un*, and in Schumann's "Der Hidalgo" *Ritt-er* and *Zith-er*) Miss Gomez boasts excellent Spanish—she was a natural choice as the Almanac's guest of the evening—and delivered her Granados and Amadeo Vives sketches with enormouth panache.

She and Jackson slipped gracefully into French for a Saint-Saens duet, pure operetta and entirely charming, as earlier she and Miss Murray had combined flamboyantly as "The Modest Girls" of Granados. There was verve enough in Berlioz's "Zaide," though Miss Murray's tone spread a little at the top; in Poulenc's "Toréador" Jackson's high spirits had a second-hand ring. At the end, all three singers joined in a ludicrous arrangement for voice and piano of Chabrier's "Espana." The splendid accompanist, and deviser of the programme, was as usual Graham Johnson, a dashing executant who provides strong support with perfect tact. He gave a sensitive, intimately-scaled account of Granados' "Maiden and the Nightingale," too. The assorted parts of the recital made an engaging whole, united less by the notional Spain than by the matched skills of the Songmakers' Almanac.

Lilian Baylis remembered

Sir Ralph Richardson dedicated the Baylis Terrace at the National Theatre on Thursday afternoon. The Baylis Terrace, named for Dame Lilian Baylis to recall for ever the debt that theatre, opera and ballet owe to her reign at the Old Vic and Sadlers Wells, is the roof garden leading from the foyer of the Olivier Theatre towards Waterloo Bridge. Many old players who worked at the Old Vic and the Wells in Dame Lilian's time attended the ceremony, which was of a private nature.

Frenchman wins Leeds Piano Competition

The winner of the Sixth Leeds International Pianoforte Competition, announced after the final round on Saturday, was 23-year-old Michel Dalberto, from France, a pupil of Raymond Trouard and Vlado Perlemuter.

The other prizewinners were: Diana Kaeso, 25, Brazil (second prize); Lydia Artymiw, 23, U.S. (third prize); Ian Hobson, 26, Great Britain (fourth prize); Kathryn Stott, 19, Great Britain (fifth prize); and Etsuko Terada, 28, Japan (sixth prize). Dominic Gill will report on the Competition in detail in tomorrow's Financial Times.

New End

Tribute to Lili Lamont

"First they love ya, then they try to kill ya." So snarls Gloria Grahame in Athur Whitney's precious examination of the relationship of a fading Hollywood star with her ludicrously adoring fan club. The scene is a New York shop where the 67th meeting of the Lili Lamont preservation society is convened, in black and white, with a lighter shade of grey. Lamont's file is kept alongside the fatter one for Dorothy Lamour; Lamont is one for the buffs as perhaps is Miss Grahame herself.

One of the faithful is an autograph hound reminiscent of a hero in John Lahr's first novel, trading signatures at the funeral of Judy Garland. That is one aspect of the following. Others are represented by the camp drag mimic (Felix Rice), the pathetic married couple whose liaison has been scuppered by the wife's 22-year-old devotion to a celluloid pin-up, and the limping chairman (Don Fellows) who remembers everything about the films except the colour of his idol's dress in one of them. Perhaps he knows nothing about her after all.

The central point is that Lili is an irreplaceable element in the lives of her audience, and the shock of the play lies in exploding that suppose trust between performer and audience. As soon as they get in close, with demands for reruns of famous scenes, the fan club desroys itself from within. And that sparks off a contemptuous reaction from Miss Lamont.

Gloria Grahame has not exactly aged, but grown less young. At Watford a couple of months back she was an impressively resilient Sadie Thompson in Somerset Maugham's *Rain*. Now, playing what we must assume to be a larger part of herself, rather like Alexis Smith and Yvonne de Carlo in *Follies*, she strikes something deep and true about the price of Hollywood stardom.

Having arrived in expectation of a mass turn-out, Miss Grahame adjusts to the response of a minority clique by downing half a bottle of Scotch and passing out in the interval. It is an extraordinary metaphor for the much-publicised fact of her appearance in an out-of-the-way converted mortuary at a fee of £35 a week. But once the glamorous image is shattered, there is nothing to replace it. The play disappears in a cloud of smoke, an inconsequential ramble through showbiz clichés and stale predictability. *This is* fringe theatre at its most hypocritically decadent. The director, astonishingly, is Jack Gold.

MICHAEL COVENEY

Wigmore Hall

Raglan Baroque Players

Anyone who starts a new musical enterprise in these uncertain times deserves a badge for bravery if nothing else. Whether another ensemble using, as the Raglan Baroque Players did at their first appearance on Thursday and presumably will continue to do, authentic instruments or reproductions, is exactly what London most needs at the present moment is another matter. Lord Raglan's band, which contains a number of familiar faces, deserves to be judged, not too hastily, on its merits, and it may well be that the not especially brilliant showing in this Handel programme, directed by Nicholas Kraemer, at the Wigmore Hall does not represent the group's full potential.

The main work was the cantata *Apollo and Daphne*, written in Handel's early years in Italy, on the familiar story of the god's pursuit of Daphne and her changing into a laurel tree. Lovely music, often genuinely dramatic, as in Apollo's aria describing the pursuit and metamorphosis, at which point he breaks off into expressive recitative before resuming what had been a rapid virtuoso aria in a slower, chastened strain. Peter Knapp sang the scene effectively enough, but without the concentration of tone and meaning which would have compelled the attention, even of those who hadn't read their programmes and didn't know what was happening. Jennifer Smith, as *Daphne*, though her timbre, at once cool and lustrous, shamed a rough oboe in her first aria, a *siciliano* pastoral with plucked strings that afforded no cover for the oboe's less happy moments, was even less dramatic. One wondered if these musicianly and intelligent singers had forgotten what an artist like Janet Baker can do with a Handel cantata.

The first half opened rather dimly with a concerto grosso (Mr. Kraemer directing from the harpsichord) in which the players had clearly not settled down. For an Organ Concerto (No. 4 from op. 7), Mr. Kraemer moved to a chamber instrument at the side of the platform. In this mainly jollier music, mainly jollier results came forth, though the mournful opening for cellos and bassoon was not among them. No doubt old instruments and reproductions of them are beastly difficult to play. But we are subjected to enough poor performance — scrape, squawk and bad tuning—for there to be a danger of such things becoming accepted as the norm.

RONALD CRICHTON

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

Making sure managers are well informed

After last week's article on the dangers of running a business in watertight compartments, Dan Smith describes how to go about setting up a viable information gathering system

WHAT INFORMATION does management need? Many proposed corporate information systems have foundered in the search for a perfect ideal.

One of the most fundamental distinctions must be between levels of management—an obvious point, yet one which is *forgotten all too often*, so that at one level managers receive too little information, and at others—notably the top—they are swamped with detail.

"The distinguishing feature of the really good manager, above the operating level, is the 'Aha' factor," according to Robert Tricker, director of the Oxford Centre for Management Studies, and a former professor of information systems at Warwick.

"He takes apparently unrelated messages—something he reads in the Financial Times perhaps, a chance remark of a colleague, something he remembers from a past seminar—and combines them to see new issues, new opportunities, new problems. 'Aha', he says, 'that suggests a new way of looking at *things*.'" Often, this consists of putting together two or more pieces of data which on the surface might appear to have little to do with each other.

In the ideal system, external *information would be balanced* with internal, and all of it would be structured for use at each management level, according to the needs of the decision makers. Excess detail would be trimmed away but a variety of inputs would stimulate executives to think creatively.

Reaching this goal is far from easy. Directors, *managers and* supervisors must stand back and ask themselves: "What is my job, what information do I need, how should I use it, how should it influence my contribution to the company? How would changes in the information I receive influence my work relationships?" Reformers will *probably find it best to begin* by concentrating on three kinds of business information:

● News about the world outside the company that is available from outside sources. Most important, probably, is news about the industry of which the company is a part. But allied industries may also be important, as will be moves and proposed moves by governments and other organisations.

● News about the world outside the company that is gathered within the company.

● Internal information gathered by the company.

Most companies are doing badly in each of these areas, but each presents a different problem and requires a different solution.

To improve matters within the *first* area, the information-gathering job can be given to information scientists, librarians and researchers directed by people with wide experience in business management generally, *and the particular industry in* question. These can be appointed directly as employees of the *company or hired* indirectly through specialist firms, which can produce the right type of external reports, tailored to a company's requirements.

Such skilled people are needed to carry out this function because of the proliferation of published material these days about all large, complex industries. *Even for simple industries* there may be huge amounts of printed matter put out every month. If not, it is almost a sure bet that relevant information about allied industries and government actions will be massive.

An editor would collate and condense the information, eliminating repetitions, irrelevancies and unnecessary detail. The reports — daily, weekly, monthly or whatever—should be put out at a frequency that the company's executives think best suits their situation, but they should never be overly long. Otherwise, busy executives may ignore them or at least resent them. The necessary reading time should probably never be longer than 30-40 minutes.

A liaison man, who himself should have experience of the industry, is another necessary part of the service. Without him, the librarians and researchers will be working in isolation and may spend part of their time producing information in which the executive readers have no interest. The liaison man can prevent this by meeting regularly with the executives, or their representative, *and adjusting accordingly* the topics that will be covered.

Some companies may justifiably feel that they already have good sources on their own industry. For instance, a frozen foods company may feel that *little will happen in this field* that will escape its attention. However, it may decide that its coverage of such allied fields as agriculture, meat, fishing, baking and retailing is *patchy* and could well do with some backup.

From the periodic reports, the information service will produce regularly an updated "model" of the company's sphere of interests, so that executives can see at a glance whether various changes over time have altered the company's fundamental position. In this way problems can be headed off and opportunities recognised at an early date.

Company executives should decide how often models should be produced, but at a minimum there probably should be one a year. The information service should also produce frequently an index, broken down, like the reports themselves, according to subject matter.

The models and indices will prevent information from slipping into *forgetfulness*, which is often what happens when executives keep abreast of their world by the random reading of trade journals and business newspapers and magazines. Of course, they should be en*couraged to continue with as* much of this reading as they can, but as a supplement to the basic information service rather than a substitute for it.

To improve the situation with the two other kinds of information — both of which are gathered internally—a company should appoint an information czar. The function might be merged with that of the corporate planner because in some ways the two jobs overlap. The information czar should be given the responsibility of encouraging executives to pass on to their colleagues original information about the outside world, perhaps by integrating it with the reports produced by *the information service*.

Of course, the czar could hardly force stubborn executives to pass on such information, because most of the time he would not be certain that they had it. So this approach *would not overcome political* situations within companies in which executives were deliberately holding back information. Just the same, in most circumstances, a strong, persuasive information czar could do much *to free the flow of valuable* information.

The information czar would also have the responsibility of reviewing all internally generated data, in order to extract significant events and facts which were *closely related* to the twin flows of external information. These three flows would then be integrated, producing a coherent picture of a broad spectrum of business activity.

Given the proliferation *of internally* generated data in the computer age, the information czar's task in this area is not one that could be completed quickly, but over time it could pay big dividends in several ways. The gathering of some data could probably be eliminated completely, saving time *and money. Redirecting or* limiting data to the appropriate management levels could lead to the achievement of better results in various company activities, while simultaneously saving the time and energy of expensive executives.

Overall, such a system would not just provide "information for information's sake." It would mean that everyone in the company would be operating from a common base of information, which should make it easier for executives to develop an effective corporate strategy. Many companies *still* base their strategies on internal considerations, a hangover from days when *markets* were not saturated, the rate of technological change was slower and there was less government intervention in industry.

The difficulties of the new Price Code

THE NEW system of price controls which came into force on *August 1 this year and gives the* Price Commission more flexible powers of investigation is, in many ways, more difficult for companies than the old method, according to management consultants Binder Hamlyn Fry.

In their latest useful executive guide entitled Price Control System 1978* the management *consultants explain the main* changes in government price controls.

Binder Hamlyn conclude in their study that under the *new regulations* it is more difficult for companies to predict whether a price increase will be permitted by the Commission—even if it would have been allowed under the old rules—because the Commission must take into account a number of different criteria.

Before deciding to make any *price increases companies should* consider very carefully whether they can justify them under Section 2 of the Act, advise the consultants. This is because Price Commission reports frequently refer to particular paragraphs of that section, which means it is paying special attention to the criteria of competition and efficiency, the extent to which there is cross-subsidisation of products, and whether higher profits are earned on products where the *company has considerable* market power, comment Binder Hamlyn.

Companies should do all they can to avoid investigation *because prices will be frozen for* three to four months while an inquiry is carried out. "Moreover, an investigation may be wide-ranging and can involve considerable management and staff time in dealing with the Commission's queries," warn Binder Hamlyn.

The executive guide also *points out that a Price Commis*sion investigation can be bad for a company's image. When a report is finally published it may contain adverse comment which could well receive widespread publicity.

Companies are also urged to *consider carefully* whether increased profits could be generated from internal improvements such as better output per machine or reductions in overhead costs, rather than risk an investigation by the Price Commission by increasing prices.

As the guide explains, the removal of "allowable cost" rules and profit controls means companies can take full advantage of an increase in efficiency.

Under earlier stages of the Price Code, benefits from increased efficiency had to be passed on to the customers when determining prices, although this was later partially relaxed.

The main part of the guide explains price code rules simply, including the notification of price increases, pre-notification and the calculation of yield and the information required.

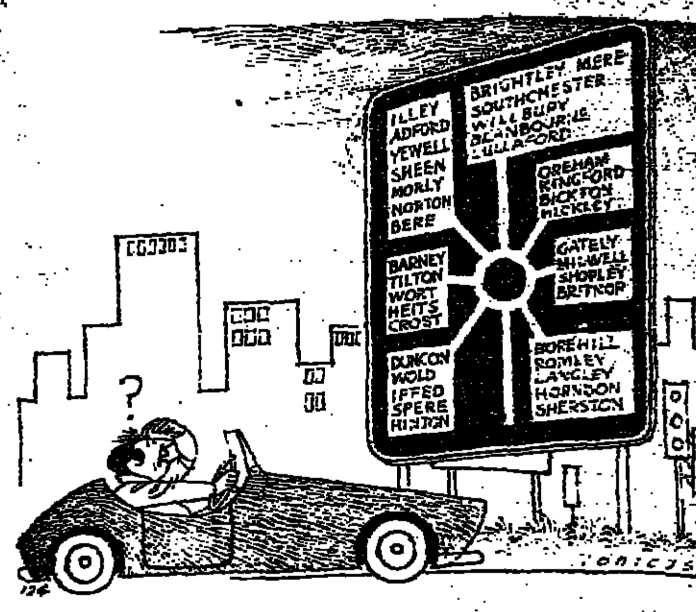
**Executive Guide: Price Control Systems 1978, 16 pages is available from Binder Hamlyn Fry, 227/228 Strand, London, WC2.*

Jason Crisp

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

Better to be late than never arrive at all



. . . one signboard listed over 20 places . . .

A FRIEND of mine used to be paid by the taxpayers to study the psychology of signposts, a peculiarly negative occupation.

One day, having suffered bewilderment and stress from trying to find my way near Brentford, where one large signboard in front of a roundabout listed over 20 places, causing *me to go round four times* before I spotted my target (number 10) I sought his aid. I *asked him if he was responsible* for this outrageous effort, which would have confounded Theseus. He did not think so. One of his team, he fancied. A junior colleague. So I asked him if he would pass on my comments (politely) to this budding Daedalus; he agreed, wrote a number of memos and I soon *forgot the incident*.

Months later I ran into Cecil, who greeted me in his jolly *civil servant manner* and said that I had certainly made my point. I asked him what he was *talking about* and he *became* quite offended. "That noticeboard," he said, "I acted quickly and despatched the junior responsible to study it. He was not pleased at the criticism and less so at the result. You see," he continued, "as he was sitting and studying his work, a car ran into the back of him *because the driver was staring* at the list of places. So, in brief, he has been reprimanded; *the other driver prosecuted*; and a committee has decided to reduce the list to fifteen to assuage criticism."

Although sorry for the "junior" I was very pleased that, even if I had caused one accident, many more might be prevented, reducing the daily massacre.

Now I read that the Safety Council is trying to improve things still further. Worried about the stress of traffic-jams on motorists, it has given some advice of a positive nature. It *believes that, if, when motorists* are frustrated and stationary, they carry out certain physical manoeuvres, including pushing their heads against locked hands, rocking to and fro while swivelling their heads about, and pulling themselves up and down in their seats, their tension will be much reduced.

I am sure it will be, so long as these somewhat curious gyrations are not seen by eager men with breathalysers who might well be excused *for mistaking* such peculiar phenomena as indicative of insobriety.

But these suggestions are sensible and much more could be added in an attempt to reduce one of the many hazards of driving. It cannot be emphasised too often that drivers who are tired—whether *they be executives or truckers*—should stop before they are in trouble. However urgent their business may seem to be, no tangible gain can be set against the chances of severe damage or death to the tired driver or his innocent victims. A good slogan would be: "Better *be* late than *the* late."

Fatigue

Again, if one is driving far after a busy and tiresome day in the office, and a mixture of suppressed anger is fostered by leaden fatigue, the correct action is to stop and rest—even for an entire night *if necessary*—because, however experienced a driver may be, his reflexes will be slowed and his irritability increased, so that when any emergency arises, his reactions may well lead to tragedy.

These are basically physiological dangers, but numerous *medical hazards* join the batallions contributing to the terrible battle of the roads. Evident disorders such as epilepsy, mild or severe; diabetes out of control because of dietary errors; or attacks of vertigo, are known to the sufferer who possesses one of the new licences which last for ever.

The very moral patient will confess to the authorities: but a very large number do not because driving has become essential to their livelihood. Another danger with these chronic licences involves eyesight. At 20, a person's visual acuity may be wonderful: the slow deterioration over many years may not be noticed or, at any rate, ignored. I know at least one important executive who cannot see a car 25 yards away, never mind its number plate.

Rules are much stricter in some U.S. States. Eyesight tests are profound and performed annually. They go a little too far; but it would be well if adequate testing of vital functions were made compulsory every few years, the interval reducing with age. As matters stand, once a *young person* has passed the test, he is unlikely to be examined in any way again.

In any case, the tests themselves are grossly inadequate. Instruction on the lines used by the police—the use of skid-pans, for example—as well as testing in fog and at night, might well cut down the dreadful, dangerous drives to death.

And if adequate aptitude tests could be devised, the psychopaths — the sort that overtake over double white lines on a blind hill bend — could be eliminated before they start on *their brash and thoughtless* trail of murder. Costly, yes: but not nearly as expensive as attempting to mend broken bodies and assuaging broken hearts. Perhaps a cheaper method would be to have a probationary period of at least three years after the first test: at least some of the goats would be separated from the sheep.

Drink I have not mentioned because the law is strong on that matter. *Maybe too strong* by itself, because a very good driver is less likely to be a monster than a very large proportion of drivers, teetotallers and distilled water drinkers included, who really should never be in charge of tons of fast, lethal machinery.

Returning to money, what profits an executive *if*, having slavishly followed all the dietary warnings about butter and sugar etc, and, having puffed himself out daily in wobbly jogging in his search for eternal life, just one moment of savage lunacy can hurl him, and others, to an eternity where nobody has to fret about fitness and heads do not ache?

نقلا من الأصل

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The Liberal decline

THE BRITISH Liberal Party has problems enough—even without Mr. Jeremy Thorpe. According to the latest opinion polls, its share of the vote has fallen to around 5 per cent after coming close to 20 per cent in the two general elections of 1974. The decline has been steady and cannot be attributed entirely to particular decisions or events such as the formation of the Lib-Lab Pact or the charges against Mr. Thorpe. The poor performance in by-elections and the falling away in the polls, for instance, began before the Pact was formed and simply continued afterwards. The Party was also close to its present trough before Mr. Thorpe was charged.

Concessions won

All this has happened despite the fact that a number of things that the Liberals have said and done have been both sensible and popular. There is a good deal of evidence that a large section of the electorate actually supported the Pact. The Liberals' influence on the Government was also benign: they won several concessions, while at the same time refusing to endorse some of the Government's wilder ideas such as the Dock Regulation Bill. Mr. John Pardoe made an admirable attempt to influence Mr. Denis Healey's latest budget in favour of tax cutting and incentives, and was partially successful in the votes on the Finance Bill. Even proportional representation, the cause with which the Liberals are most clearly identified, seems now to be gaining some support in the two big parties as well as the country at large.

Swing back

The fact that in spite of this record Liberal support has continued to decline suggests that the Party's actions alone cannot have been responsible. Rather there is a swing back to the big parties which could have taken place almost whatever the Liberals did. The recent decline of the Nationalists in Scotland must be part of the same phenomenon. There is a move away from the smaller parties in general rather than from the Liberals in particular.

Mr. David Steel and his friends may now take some small comfort from the belief that the 5 per cent or so support registered by the opinion polls corresponds to what political scientists regard as the core Liberal vote. Most people are said to vote Liberal only spasmodically: barely 5 per cent do so all the time. If that is so, then the Party may indeed have reached rock bottom. Even if recovery is delayed, the position can hardly get any worse. And, of course, it is true that the polls reflect national opinion. The Liberals are still strong in some areas and it would be wrong to assume that all, or even half the Liberal MPs will disappear when the general election comes.

As Mr. Steel has said himself, the postponing of the election should actually help the Party. It will provide time for the Liberals to distinguish themselves from the Government and to heal some of the self-inflicted wounds arising from their handling of the Thorpe affair. In theory it should be possible too to show that there is a Liberal alternative to the interventionism of Mr. Callaghan and the harsher versions of Mrs. Thatcher's promise of a return to a free market economy.

Disenchanted

Mr. Steel still talks as if the Liberals may hold the balance in the next Parliament. That may be over-optimistic. It is by no means certain that the next Parliament will be hung and, even if it is, the Liberals may no longer be the largest of the smaller groupings. What is much more likely, however, is that at some stage in the future a sufficient number of voters will become sufficiently disenchanted with the big parties to produce another Liberal revival. That has been the pattern in the past and there is no reason to believe that it will not be repeated. Mr. Steel's real task is to hold the Party together until that time comes.

Stalemate in Lisbon

PORTUGUESE POLITICS are once again back in the melting pot. With the collapse of the independent non-party Government of Sr. Alfredo Nobre da Costa, yet one more possible Government formula has failed and President Eanes must go back to the wearisome process of consultations with the leading political parties.

It will be understandable if he does so with a strong sense of deja vu. The new period of uncertainty ushered in by Sr. da Costa's Parliamentary defeat at the end of last week is no more than a continuation of the underlying crisis that has for many months deprived the country of durable Government. The fundamental cause of the crisis is the inability, or the unwillingness, of the three main non-Communist parties, Socialist, Conservative and Social Democrat, to sink their personal and political differences in the country's interest, since none of them can govern alone.

Ironic

Given the failure of the political parties to find a solution, it is ironic that one of the main reasons for Sr. da Costa's downfall should have been the non-party nature of his administration. President Eanes, after all only appointed Sr. da Costa after long negotiations had failed to resuscitate the Socialist-Conservative coalition that broke down in July and all other possibilities of party Government appeared exhausted. The Socialists, among others, nevertheless took the view that the move was unconstitutional. It failed, they said, to pay due regard to the outcome of the most recent general election which returned the Socialists as the largest party—and, therefore, by implication gave them the right to provide the Prime Minister. They particularly disliked Sr. da Costa's insistence that he did not plan to head a merely interim Government, fearing for the long-term consequences for Portuguese parliamentary democracy.

It can hardly have been simply on the grounds of his political programme that the Socialists joined forces with the Conservatives to vote him out of office. Sr. da Costa had made considerable efforts to keep his programme uncontroversial, and it reflected, in many respects, the policies of the former Socialist-Conservative coalition. Some policies, such as compensation for nationalised companies, he promised to pursue with greater vigour. But his national austerity programme—the main plank of his economic policy—followed faithfully in the footsteps of the previous Government led by Sr. Mario Soares, the Socialist leader.

Few options

The result for the moment is a new stalemate. If the parties continue to show themselves unable to work together, President Eanes will have few options left. Sr. da Costa can be reappointed, but if he is dismissed two more times elections must follow.

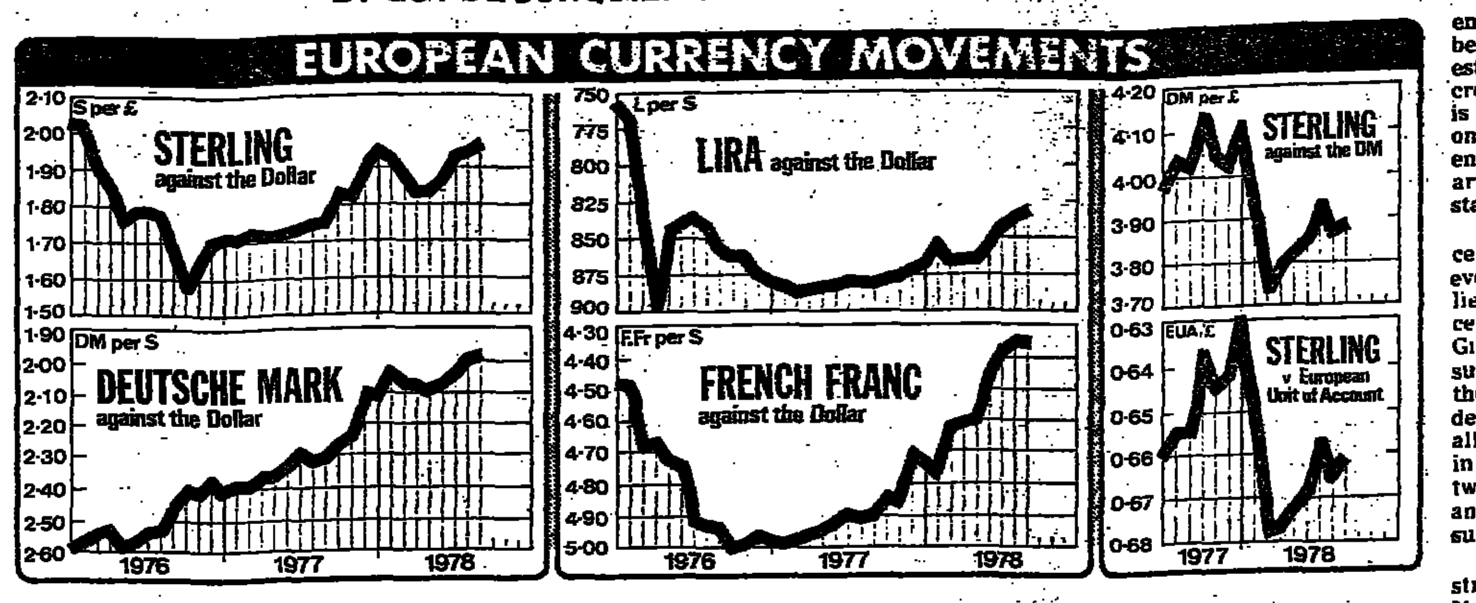
It might be thought that the Portuguese voters, in the circumstances, would like to have a say in the matter. But there are two reasons why early elections might not resolve the stalemate. In the first place, a new poll would be unlikely to provide a solution by returning one party with an overall majority. In the second, elections are in any case due in 1980. Even if elections, perhaps in the New Year, produced a solution, it could not last for very long.

Democracy

By far the best answer would be for two or more of the present non-Communist parties to agree on a Government strong enough to last until the 1980 elections. With EEC entry negotiations approaching, and a continuing need for foreign financial support, it is not a good time for a period of prolonged political uncertainty. It is not only to the outside world that Portugal needs to demonstrate that its young democracy is working. There are powerful forces inside the country, on both right and left, that would like to see its failure. If Sr. Soares's Socialists are really worried about a possible drift away from the Constitution and its democratic prescriptions, then they should put every effort into forming a new coalition. The hope must be that the experience of the past six weeks will encourage greater flexibility all round. But there are few grounds for optimism.

A European Monetary System: condemned to succeed

BY GUY DE JONQUIERES and PETER RIDDELL



THE meeting of Common Market finance ministers in Brussels today marks the opening of a critical phase in the Nine's efforts to translate their bold plans for a European Monetary System into a practical reality involving a close linking of their currencies.

The strict timetable laid down by the EEC summit in Bremen last July is now starting to bite. The finance ministers are under pressure to reach a firm view on the details of the new scheme by the end of October and the aim is to have the scheme in operation from the beginning of next year.

The origin of the proposals lies in the view that the sharp fluctuations in exchange rates of EEC countries in recent years have undermined their economic performance, and hence a scheme to stabilise rates would improve the prospects for both inflation and growth.

The suggested arrangements are, however, extremely complex technically, and this, plus the fact that the plan takes the EEC into largely uncharted waters, means that the next few weeks will involve delicate negotiations under the best of circumstances. But it is also clear that the Nine are still far from unanimous both on some of the overall objectives of the scheme, and the detailed mechanics of its operation. Difficult compromises will have to be reached quickly if the enterprise is to proceed on time.

Since the finance ministers met two months ago, the plan has been extensively discussed by three parallel committees of central bank and finance ministry officials in Brussels, as well as, last week, at the Bank for International Settlements in Basle. There has been an unseasonable amount of activity in Brussels in the traditionally quiet month of August and a very large amount of work has been done on the details and implications of the proposals by officials in the nine member capitals.

Uncertainties emerge

But the discussions do not appear to have narrowed significantly any of the major differences between the Nine. At best, they have clarified the options and national positions on key issues, and have even exposed new areas of uncertainty about the Franco-German proposals submitted to the Bremen meeting.

Few of the officials involved seem exactly dismayed at the emergence of so many obstacles. It has been clear for some time that the genuine enthusiasm exhibited by Chancellor Helmut Schmidt of West Germany and President Giscard d'Estaing of France has not been wholly echoed among key officials even in their own administrations. Much of the concern at the official level merely highlights the speed with which the scheme has been brought forward and its complexity and wide ramifications. There is the obvious stumbling block of the existing wide divergence of economic conditions within the Nine—for example, rates of inflation and growth.

Central bankers have also proven wary. Reservations about how far the systems should go are now to be heard from almost all EEC central banks and not just from the Bundesbank, whose famed statutory independence from Bonn gives it an especially important say in the proceedings. There seems to be a conspicuous absence of support, in particular, for any proposals to endow the planned European Monetary Fund with the power and resources which could undercut the prerogatives currently enjoyed by the central banks themselves.

Some fresh political impetus from the top may well be needed. Supporters of monetary integration have been hopeful that this might result from last week's talks between President Giscard and Herr Schmidt. This would help to resolve some of the main technical questions outstanding — the choice of exchange rate mechanisms to be used in the system; the method of intervention to stabilise currencies, the constitution of the European Monetary Fund and the nature of any conditions affecting member countries' economic policies.

Behind the technical debates lie the fundamental questions of the deflationary emphasis of any scheme, of how far it would represent a Deutsche Mark zone and the need and scope for all nine countries to participate in an enduring, rather than a temporary, system.

The choice of exchange rate mechanisms was left open in the communique from last July's Bremen summit. But there was a strong hint about the use of a weighted basket of currencies, like the present European Unit of Account as the base of the system, the numeraire, against which other currencies would be measured. A majority of EEC governments favour this option, albeit in varying degrees. But West Germany and the Netherlands have argued so far in favour of a "parity grid" system in which currencies would be defined in terms of each other, as in the present snake, rather than against a basket of all.

'Parity grid' v. the snake

The issue has important practical implications. With a basket system, in which the unit of account would float against its component currencies, persistently strong currencies like the Deutsche Mark could be thrust up against their intervention ceilings without weaker currencies necessarily being pushed down against their floors. The onus for intervening and, in the longer-term, for taking adjustment measures, would thus fall more heavily on the stronger currencies than is the case in the snake. Such intervention would of course also tend to push up money supply in the surplus countries.

By contrast, a parity grid system would impose a more evenly spread obligation on all participating countries to intervene. More important, it would lead to greater pressures being imposed on weak-currency countries to adopt the kind of restrictive measures needed to reduce their inflation rates and correct payment imbalances, as has occurred with the present snake.

The nature of any agreement on this issue reached at last week's Franco-German summit may become clearer at today's meeting of finance ministers. Comments after Friday's talks concentrated on the common desire for stability and discipline on exchange rates in any system. If Herr Schmidt has made a concession and accepted the basket principle, then this should be supported by the rest of the EEC, easing the way for agreement on the scheme as a whole. However, if, on the contrary, President Giscard has been persuaded to support the parity grid system, then there is likely to be difficult wrangling with other EEC members, notably the UK and Italy, and this could have an important bearing on their decision on whether to join fully in the system at the start.

There is considerable disagreement over how the official settlements mechanism would operate in a basket system. For example, if the Bundesbank intervened to stem a rise in the Deutsche Mark by buying a weaker currency like sterling, the Bank of England would normally incur a debt, which it would be obliged to repay immediately from its reserves. But Britain, France and Italy argue that if such intervention occurred when their currencies were above their lower limits, settlements should take place only when the creditor bank needs the assets to settle debts of its own.

The degree of flexibility to be built into the system is also in dispute. Britain and France want the right to opt out of it temporarily.

From the start, there is the question of whether any of the weaker currencies will be devalued against, say, the Deutsche Mark before entering the scheme.

There has been even less progress in talks on the other main element of the scheme, the proposed European Monetary Fund. According to the Bremen communiqué, countries would deposit up to 20 per cent of their gold and dollar reserves with the Fund and receive in return newly-created European Currency Units to be used in settling official debts. This would effectively involve a relabelling of reserves and a change in their composition. In addition, European Currency Units amounting to a "comparable order of magnitude" would be created against EEC national currencies and subject to conditions varying with the amount and maturity. The total of the two elements would be around $55bn.

Herr Schmidt has suggested that West Germany would be willing physically to transfer part of its reserves to such a Fund. But this idea has run into strong resistance from the Bundesbank and other central banks. They seem prepared to go no further than pledging reserve assets to the Fund, while keeping them safely under their control at home. Moreover, the bankers are against creating any large-scale new credit facilities, arguing instead that the EEC's existing short and medium term facilities, totalling about $15bn, should merely be transferred to the Fund.

The original communiqué left a whole series of mysteries and questions about the operation of the Fund unanswered. There is, for example, the ambiguity about how reserves would be deposited and about whether they would be returnable. The valuation of the gold contributions to the Fund also remains undecided and enthusiasts for the yellow metal like the French naturally are very concerned about this.

The other part of the Fund, created against national currencies, would operate on a quota basis, as does the International Monetary Fund. So the amount of credit available to any individual country would be far less than the total of about $30bn in this part of the Fund. There is uncertainty about how the conditionality might operate—whether, for example, the terms would be tighter the further a country moves up a scale of tranches, like IMF drawings, or whether they would be affected by the duration of the credit.

There is no inherent source of great dispute here and the issue should be capable of ultimate solution after further work. The Franco-German proposals put forward at Bremen envisaged a two year interval before the Fund was fully established and the scale of credit facilities in the interim is not clear. Officials working on the proposals are keen to ensure that the transitional arrangements have some substance from the start.

In the light of all these uncertainties, the best hope for eventual agreement undoubtedly lies in the fact that both Chancellor Schmidt and President Giscard d'Estaing have invested substantial political capital in the project. There is no evidence that either can afford to allow it to become bogged down in interminable argument between officials. In that important sense, it is condemned to succeed.

In London, as well, there is a strong political commitment by Mr. James Callaghan, the Prim[e] Minister, to the idea of cu[r]rency stabilisation. The rese[r]vations which emerged afte[r] the Bremen summit reflecte[d] uncertainty about the meanin[g] of many aspects of the schem[e] which had been suddenly lai[d] on the table by the French an[d] Germans at the meeting. Th[e] British view then (as now) wa[s] that the proposals could pro[ve] useful to the UK's national i[n]terests, provided there was [a] balance of interests within th[e] EEC. But behind the bargainin[g] there remains a strong mini[s]terial drive.

The sketchiest outline

Overall, it seems probab[le] that in its early stages, at leas[t] the system will be a good de[al] less comprehensive than w[as] envisaged at Bremen. Indeed [at] present it looks unlikely th[at] the series of meetings [of] finance ministers in the next s[ix] weeks will resolve all th[e] political issues and several wi[ll] have to go forward to a heac[s] of Government summit in ear[ly] December. Discussions on th[e] proposal for a transfer of re[al] resources within the EEC hav[e] for example, so far mainly [in]volved an effort by Italy, back[ed] by the UK, to keep the optio[n] open on changes to the Co[m]mon Agricultural Fund and th[e] expansion of the regional a[nd] social fund.

Even the optimists now b[e]lieve that it will be possible [to] agree only on the sketchie[st] outline for the constitution [of] the Fund part of the system b[y] the end of this year. While a d[e]cision in principle may be take[n] by then, the original startin[g] date of January could be pu[t] back a couple of months to me[et] the wishes of France. Moreove[r] even if agreement on a mo[re] precise design can be thrash[ed] out in the future, its imp[le]mentation will still require leg[al] and constitutional changes in [a] number of countries, partic[u]larly West Germany and t[he] Netherlands. That could pro[ve] a lengthy process.

MEN AND MATTERS

Railing against the road lobby

Charming as it is to be wished a good trip, or to be told about the relaxing qualities of travelling by train, not everyone is pleased by British Rail's brash new image. The problem is not so much the soothing messages as the feather-ruffling attacks on lorries.

At this less polite end of BR's £2.5m advertising campaign the public relations men have made great play of the damage done to roads by juggernauts, and suggesting that the hauliers ought to pay for it: £60m a year says the bold new voice of BR.

Nearer the bone is a picture in the magazine Transport 2000, an organisation partly funded by BR. This shows two lorries crushing a car. The caption reads: "Demand for high quality freight transport service does not always go hand in hand with acceptance of the means or cost of providing it." Within hours of publication the man who uttered these words, Sir Dan Pettit, chairman of the National Freight Corporation, was spluttering angry words down the telephone to Sir Peter Parker, BR's colourful chairman. Bill Rodgers, Transport Secretary, has also said he is cross.

Parker remains unabashed. Even now his public relations men are putting the finishing touches to the autumn assault on lorries, rendered a trifle ironic by the fact that, since it took over Freightliners last month, BR now owns one of the largest fleets of 32-ton lorries in Britain.

Bussing the flock

Lord Shepherd, former Leader of the Lords, tells me he looks forward to "getting my teeth into something new" with the National Bus Company, of which he is to be chairman from January. Transport is, he admits, a completely new departure for him: "But where I live out in the country I'm certainly aware of the problems of people who have no cars."

He has never actually been in the unenviable position of waiting for the alternate Wednesday service to loom over the hedgerows, but he is a seasoned bus traveller in London, trundling into work as deputy chairman of the Sterling Group almost every day.

Whether the staunchly Labour Lord Shepherd, 59, will find the right ticket for dealing with the predominantly Tory shires remains to be seen. For years county councils have tended to spend money on repairing roads for the private car but, ever anxious to keep rates down, have cut back on buses. So for the time being the plight of Shepherd's new-found flock, his car-less country neighbours, is likely to become not better but worse.

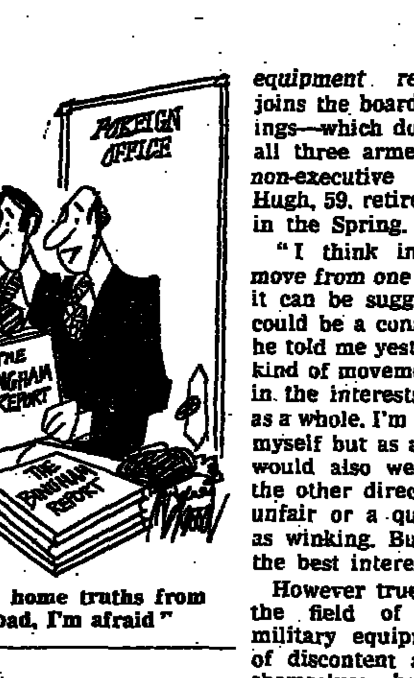
Neckwear news

Liberals soured by the activities of the Press at Southport last week might have reason to envy the White House's Press secretary Jody Powell, who has been able to report that the coverage of the Camp David Summit has so far been "exceptional in its restraint and general degree of moderation."

High praise indeed, but all that the public has gleaned about the crucial mid-East talks is who met whom and for how long, who wore ties and who went bicycling round the presidential retreat, none of which activities lend themselves to character assassination or cynical exploitation.

Powell's midday briefing had nothing to vouchsafe but such minor domestic details, refusing to indulge in what he called "temperature taking" of what was really going on. But in dogged pursuit of some insight into it all the more die-hard reporters usually kept him for a good hour on the podium of the American Legion Hall in the small Maryland town of Thurmont, six miles down the mountains from Camp David. Powell good-humouredly resisted all attempts to piece a pattern together, his discretion made all the easier because he too had been kept in the dark. He did not sit in on a single negotiating session.

Washington-based reporters who exhausted the delights of Thurmont's excellent crab restaurant returned home long before the end. If they had to listen to Powell's "sweet nothings" they preferred to do so in the comfort of the White House press room.



"More home truths from abroad, I'm afraid"

Changing sides

Lieutenant General Sir Hugh Cunningham, until recently Deputy Chief of Defence Staff, has joined the select band of high-powered public servants who have moved over to the private sector after only a brief interval.

Previously in charge of equipment requirements he joins the board of Fairey Holdings—which does business with all three armed services—as a non-executive director. Sir Hugh, 59, retired from the MoD in the Spring.

"I think inevitably if you move from one side to the other it can be suggested that there could be a conflict of interest," he told me yesterday. "But this kind of movement is very much in the interests of the country as a whole. I'm not talking about myself but as a principle . . . I would also welcome moves in the other direction. To say it's unfair or a quango is as easy as winking. But I think it's in the best interests of progress."

However true this may be in the field of high-technology military equipment, rumblings of discontent are still making themselves heard about the steady erosion of the rule which dictates that civil servants of this seniority do not join "sensitive" areas of industry for two years. As for movement in the other direction, this has been singularly hard to detect. I have not heard of many of our captains of industry seeking to become admirals of the fleet.

Mind over river

Overheard at a selection board for boys wanting to train as Army officers—Brigadier pointing to a patch of lawn: "That is a river full of alligators. You have a rope, some pieces of wood, and there is a tree nearby. How are you going to get across the river?"

Would-be officer: "I would send for a helicopter."

Brigadier: "And just where do you think you are going to get a helicopter from?"

Would-be officer: "The same place you got the alligators."

Observer

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Australia

On the surface Australia's prosperity appears unscratched. But it hides a number of flaws in the economy—not least among them the problem of how to adjust to the rapidly changing pattern of world markets.

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Out of step with the world

By Margaret van Hattem

A SMALL but moderately successful hardware retailer in Sydney, New South Wales, recently advertised for an economics graduate to add a little sophistication to the running of his expanding operations, and for a counterhand to help with the increasing turnover.

Though more than 50 17-year-olds applied for the second job, none of them was sufficiently interested in the modest wage offered to turn up for an interview. Of the 120 economics graduates who applied for the first, all 20 on his short list turned up for an interview begging to be given a chance.

But none of them had even the slightest theoretical knowledge, let alone practical experience, of running a small business. In the end the retailer took on no more staff and gave up thoughts of further expansion.

After five years of dismal statistics and economic slackness which has brought record post-war unemployment, many Australians have still not accepted that the world has changed, that the golden days of the '60s are over, and that things may never again be as they were.

At first glance it is easy to see why. There are few visible signs of hardship in Australia. High-rise office blocks are still racing upwards in the major cities; large, shiny new cars still crawl bumper to bumper along congested freeways at the weekends. Hundreds of thousands of suburban homes have large motor boats on trailers parked beside their one or two cars. There are no dole queues — the unemployed have their weekly A$60 discreetly posted to them — and little to suggest that Australia is not still a very comfortable place to live in.

Harder

Of course, there are hardships — for some there always were. The traditionally depressed minorities—some newly arrived immigrants, the aboriginals and much of the rural population, for example — still live less comfortably than most. And for the immigrant women and under-21s who make up most of the unemployed workforce, the struggle is getting harder.

But among the 93 per cent or so who do have jobs, and even among some of the unemployed, there is little sign of reduced expectations. They still expect wages and social benefits to rise in real terms. They expect to eat well (this usually means at least ½ lb of meat a day), to own their own homes, to drive to work in their own cars, watch their own colour television sets and take their annual holidays in Singapore or Surfers' Paradise.

They feel that in a country where a foreign mining company can make a A$90m profit in six months, this standard of living is the right of every ordinary family: protecting it is the duty of every responsible Government. It is in these terms, rather than in terms of constitutional legitimacy, credibility in upholding election promises, scandals over Royal Commission findings or shady business deals involving Cabinet members, that the Government led by Malcolm Fraser can expect to be judged at the 1980 election.

It was no doubt with this in mind that Mr. Fraser called a general election at the end of last year, a full 12 months before his mandate was due to run out. Though the Government had succeeded during its two years in office in bringing down inflation, there was little short-term prospect of stimulus from foreign investment and it was clear that things would have to get a good deal worse before they would get better. The 1977 election was a necessary preliminary to the 1978-79 budget —a budget of a nature no Government would have attempted in an election year.

The Government's ultra-conservative economic strategy, with its emphasis on good old-fashioned housekeeping and tidy balance sheets, appears tailored to appeal to the small and medium-sized mining, manufacturing and financial operators of Melbourne and to a lesser extent Sydney who traditionally form the base of Liberal Party support.

Jobs

Some of the less parochial entrepreneurs and union leaders, and certain of the big multinational companies, are less patient with the Government's preoccupation with curbing inflation, an attitude which they say is holding back efforts to develop new markets—in the Far East and South-East Asia, for example, or in the Middle East. But in purely electoral terms the current strategy is understandable particularly as unemployment, the biggest problem so far, does not yet appear to have become a source of unrest.

There is little sympathy in Australia for the jobless. Even the unions appear more concerned with protecting their existing members than increasing their membership through a more equitable sharing of the available workload — for example, through bans on overtime, shorter working weeks, early retirement or any of the other formulas attempted in other industrialised countries facing the same problem. And although the manufacturing sector has shed around 300,000 jobs since 1974, there is still a widespread assumption that a job exists for everyone who wants it, and that the jobless must therefore be too lazy to work or too proud to take on unskilled employment.

The fact that Indo-Chinese refugees, currently entering Australia at the rate of around 750 a month, are being absorbed into the economy fairly quickly —setting up small businesses and fishing enterprises for example—tends to reinforce this prejudice. But many Australians have not yet thought through to one of the basic causes of their predicament—that the millions who live and work in the Far East and South-East Asia have for some time been prepared to work longer, in worse conditions and for less, than Australians.

The concept of sweated labour is rapidly becoming a myth in those countries where industrialisation has really got under way and although their unemployment may be growing faster than they care to admit, their ability to produce efficiently and competitively has not diminished. The richest—Japan—has successfully diversified into more capital-intensive industry. Taiwan, South Korea and Malaysia are rapidly taking over in the more labour-intensive sectors.

But many Australians refuse to accept that their country should try to complement, rather than compete with, these growing economies. Even Mr. Fraser insists that Australia should retain its inefficient clothing and footwear industries —however uncompetitive, however much the cost of protecting them may boost the cost of living—simply because "there are many things that countries have to do for themselves."

This possibly outdated concept of independence does not appear to allow much scope for joint ventures of the type that Japanese and West German companies are currently setting up throughout South-East Asia. Nor does it do much to promote goodwill in international relations.

Australia seems to have gone stale. Its leaders in business and politics alike appear still to be suffering from shock after the over-expansive Whitlam years, and to lack the confidence to spend large sums of money or to test new ideas.

Some of the excitement of the old minerals boom days persists in the west where the search for oil, gas and diamonds has spawned a host of small exploration companies and related business ventures. But there is a tinge of unreality about the current diamond rush in the Kimberleys, to the north of the State. Though prospectors are arriving in thousands to charter helicopters at A$350 an hour, to peg claims and fossick among the giant anthills and baobab trees, there is little evidence so far of a commercially viable find.

The Ashton joint venture, 52.7 per cent owned by Conzinc Riotinto of Australia, has discovered Kimberlite structures with a few diamonds up to two and three carats, and has installed a A$6.5m plant to make further tests, but is not yet ready to announce anything more positive.

It would be wrong, however, to say that Australia lacks leadership—in electing Malcolm Fraser it has opted for a leader who is nothing if not decisive, whose Cabinet colleagues and advisors sometimes feel they are being briefed on a decision already taken rather than being consulted or persuaded. But the electorate apparently does not want to be surprised by experiments in government, foreign policy or economic planning. It wants someone who can deliver the goods and it will probably not look too critically at a government which appears to have the situation in hand—however undistinguished or lack-lustre that government may be.

Image

This does not necessarily mean that Mr. Fraser—or any other Liberal politician who might succeed him—can look forward to a long and secure period of office, although the Labour opposition does not appear yet to have found its feet. But it does suggest that when the Labour Party finally presents the electorate with its new programme and its new image in the long run-up to the next elections, it may not look so very different from that of the government.

Australia to-day is like a becalmed surfer, carefully paddling his board into position for the next big wave to sweep him off into undreamt-of prosperity. But the undercurrents have changed since the last wave and it is not certain where the next will land him. No world trade recovery, however strong, is likely to lead Australia back to the days of full employment and large annual wage rises in real terms. But convincing the Australians of this may be a long and painful process.

Still on the front page

A WEEK after the 1978-79 Australian budget had been brought down in the House of Representatives, a group of 15 Liberal Party backbenchers sought to debate it at a party meeting. Such debates in the privacy of the party room have been regarded as normal in past years, but this time the Prime Minister, Mr. Malcolm Fraser, forbade it. He refused to hear any criticism of budget measures, and threatened to leave the meeting if the proposed debate went ahead.

The following week, in a newspaper interview, Mr. Fraser conceded that he was often regarded as arrogant, aloof and autocratic, but added: "I think it would be much worse if people said I was weak and inept. That would be a condemnation of the kind that I would not like." Mr. Fraser has what almost amounts to an obsession about the need for leaders to display strength. The result is that, to a remarkable extent, his style of leadership is one of the central issues of Australian politics.

The Prime Minister rejects the charge, levelled by many of his own followers, that his Government is a "one-man band," and he professes to believe in consultation. But cynics would say that Mr. Fraser's interpretation of the consultation process is in line with Ambrose Bierce's definition—"to seek another's approval of a course already decided on."

The announcement in early August of the dismissal from the ministry of Senator Reginald Withers, Government Senate leader and fifth-ranking cabinet member, came after Mr. Fraser had "consulted" a group of senior ministers. But he went into the meeting having already made up his mind, and there was no prospect of him altering his decision.

The Withers sacking triggered a chain of events which resulted in a damaging political crisis—easily the worst to affect the Liberal-National Country Party coalition Government since it came to power in late 1975. The way Mr. Fraser had handled the issue became, for Liberals at least, the most important aspect, and the common view was that he had been inept. For the first time there was discusion among some Liberals about possible alternative leaders, and speculation in a number of newspapers that Mr. Fraser's leadership could come under threat.

Although the episode damaged Mr. Fraser's standing he nevertheless remains firmly in control of the Government. Neither of the men mentioned as possible alternative leaders—the Foreign Minister, Mr. Andrew Peacock, or the Treasurer, Mr. John Howard—could mount a credible challenge at this stage. There is no suggestion that Mr. Howard, a Fraser favourite and protege, has even been tempted to consider the possibility.

But, while Senator Withers' dismissal and its aftermath provided the catalyst for an outburst of feeling against the Prime Minister, the reasons were more fundamental. The affair was just the most recent of a series of issues which have made his followers increasingly uneasy about the Fraser approach to leadership. And, just as the problem did not begin with the trouble over Senator Withers, it is unlikely to end there. Peacock supporters seem remarkably confident that their man, not Mr. Fraser, will lead the coalition into the 1980 election campaign.

But, if a question mark of sorts hangs over Mr. Fraser's position, the dominance of his Government is beyond doubt. At the last general election on December 10, 1977, Mr. Fraser led the coalition to its second sweeping victory in two years. The massive support the Liberals and the NCP had received in 1975, when between them they amassed a record House of Representatives majority, was confirmed. With 86 of the 124 seats, the Government could hardly be more secure in the Lower House. It has a majority of six in the Senate, ensuring that—unlike the former Labor Government, it cannot be forced to an election against its will.

Prime Minister Malcolm Fraser: an obsession for leaders to display strength.

Only nine months after its electoral triumph the coalition is faring badly in opinion polls. These suggest that, if an election were held now, Labor would win. But this situation simply points up the shrewdness of Mr. Fraser's decision to go to the people a year ahead of schedule. Had he allowed the last parliament to run its full three-year term his government would now be facing an election and likely defeat in December. As it is, there is plenty of time for the coalition to regain support before it has to brave the voters again.

Shrewd

The early election decision was shrewd for another reason. It meant that Labor went into the campaign with Mr. Gough Whitlam still leader. The often repeated claim that Labor could not win with Whitlam proved to be entirely accurate, particularly since the Liberal campaign advertising skilfully exploited memories of his turbulent term as Prime Minister.

It was inevitable that, after another crushing defeat, Mr. Whitlam would step down immediately after the election. The Labor caucus elected in his place a former Queensland policeman, Mr. Bill Hayden, who had gained an economics degree through part-time study after entering parliament in 1961.

Mr. Hayden was treasurer during the last year of the Whitlam Government, and earned a reputation for a responsible approach to economic management during his brief period in the portfolio. He lacks the flair and commanding presence of his predecessor in the Labor leadership, but compensates for this to some extent through his understanding of economic issues and the fact that he was not closely associated with any of the blunders of Labor's three years in office. Mr. Hayden's predisposition towards cautious, consensus-type politics also provides a politically useful contrast with Mr. Whitlam's "crash through or crash" style—and, for that matter, with the high-handed Fraser style as well.

As in other Western democracies, economic issues are the most important ones facing Australian politicians. The coalition Government's survival chances in 1980 will depend to a very large degree on what happens with the economy. So far Mr. Fraser and his Cabinet have single-mindedly attacked inflation and largely ignored the politically sensitive matter of growing unemployment—though a reluctance to go to the polls after school-leavers boosted the unemployment figures was one of the reasons Mr. Fraser chose last December rather than May for his snap election.

Opposition leader Bill Hayden: good understanding of economic issues.

As the number of Australians out of work continues to climb, however, pressure will mount for the Government to do something about the situation. There is a strengthening view, even among Ministers, that the Government should seriously consider a scheme to create jobs by allocating money for road-building and other public works. Bureau of Statistics figures for August, showing 6.2 per cent of the full-time labour force out of work, will add to uneasiness within the Liberal Party about the issue. Attempts to force Mr. Fraser to alter his hard-line budget strategy are likely to produce a fascinating political battle in the next few months.

The question of economic management is just as central to the fortunes of the Labor Party as it is to those of the Government. In drawing up new policies, Mr. Hayden and his advisers are acutely aware that Labor suffers in electoral terms because of its image as a high tax party. In the present climate of economic austerity, too, the kind of big-spending programmes which were identified with Whitlam Labor are no longer fashionable. Under Mr. Hayden's leadership, Labor is trimming its sails somewhat and taking a rather more conservative approach to matters concerning the economy than the party has done in the past.

Ironically, perhaps, despite their importance, economic issues have been overshadowed by various other controversies in Parliament. Even the budget took second place to the Withers affair in the first two weeks of the budget session. Mr. Hayden, while proving a reasonably effective critic of the Government's economic policies, has found he is able to get more political mileage out of questions involving the propriety of Ministerial behaviour.

One of the results of the Labour opposition's concentration on such issues has been an erosion of Mr. Fraser's reputation for shrewd political judgment, even in his own party. Much of the support the Prime Minister enjoys is based on a belief in his political acumen, but on a number of occasions this year his judgment has been widely perceived as faulty.

Many of Mr. Fraser's critics would argue that his judgment went awry as early as November last year when, on the eve of the election campaign, he forced the Liberal Deputy Leader and then Treasurer, Mr. Phillip Lynch, to resign from the Ministry. Allegations of impropriety involving Mr. Lynch's business affairs had been made by the Labor Party in the Victorian state Parliament, and Mr. Fraser feared the controversy would affect the election outcome.

At the time, Mr. Lynch was ill in hospital. His treatment left a sour taste in the mouths of a number of Liberals, even when he was reinstated in cabinet after the election. The Prime Minister, having satisfied himself that the allegations were without foundation, did not restore Mr. Lynch to the Treasury, but made him Minister for Industry and Commerce. There were quite a few Liberal parliamentarians who felt Mr. Fraser had failed to show loyalty to a colleague, and this was a significant factor in producing the mood which made the Withers affair so serious.

Almost as soon as Parliament resumed after the election, Mr. Fraser was on the defensive over claims that he himself had improperly intervened in the tendering process for a multi-million-dollar computer system for a Government department.

Leaked copies of correspond ence between Mr. Fraser and senior IBM executive provide the opposition and the medi with ammunition for a sustaine attack.

Mr. Fraser's decision t appoint the former Governo General, Sir John Kerr, to diplomatic post—against th wishes of Mr. Peacock—amaze friend and foe alike. The dee divisions in Australian socie caused by Sir John's controve sial action in dismissing th Whitlam Government fro office on November 11, 1975, ha begun to close with h departure from the scene an the appointment of a ne Governor-General, Sir Zelma Cowen. The proposal to mal Sir John Ambassador to Unesc reopened them.

The response from t opposition, the media and wide section of the communi was immediate and angr Allegations of a political pay- were given credibility becau less than two years befo the Government h abolished the Unesco p in Paris as an econor measure. In view of t reaction to the proposed appoi ment Sir John elected at t last minute not to take it Instead he went into retreat Britain to write his memoi which are now due to published before Christmas.

The events which produ the Withers affair began l year when allegations impropriety were first m about the process by which n constituency boundaries h been drawn up in Queensla The Prime Minister tried keep the lid on the issue sacking from the post of Dep Government Whip the Quee land Liberal parliamentar who had made the allegatic Mr. Don Cameron. Then, wh Mr. Cameron persisted in allegation, Mr. Fraser insis on suspending from ministe duties the man against w they were directed, Fi Minister Eric Robinson, wh Royal Commission conducted inquiry. The resentment caused set the scene for te situation when Mr. Robin was cleared by the inquiry Senator Withers was found have committed a n impropriety.

The Government's trou over Ministerial propriety i not be over. The Minister Primary Industry, Mr. Ian clair, deputy leader of NCP, is a director of a c pany under investigation by NSW Corporate Affairs C mission because of mis funds totalling A$250,000. NCP leader and Deputy Pr Minister, Mr. Douglas Anth has attacked the inquiry politically motivated. unfavourable finding invol Mr. Sinclair would be extrem embarrassing to the Gov ment. If Mr. Fraser fel necessary to require his resi tion, it could produce a between the coalition partie

But even bigger problems the Prime Minister could c from State Liberal P branches which demonstr their power in 1971 when played a crucial role in topp the (then) Prime Mini John Gorton, from the fed Liberal leadership. There some signs that, in a nun of states, the local Lib organisation may be coolin their attitude to the Fr Government. For, while Fraser does not have to an election for over two ye state Liberals are not so lu In the two most impor states, NSW and Victoria, example, the Liberals are considerable difficulty and large extent they lay the bl at Mr. Fraser's door.

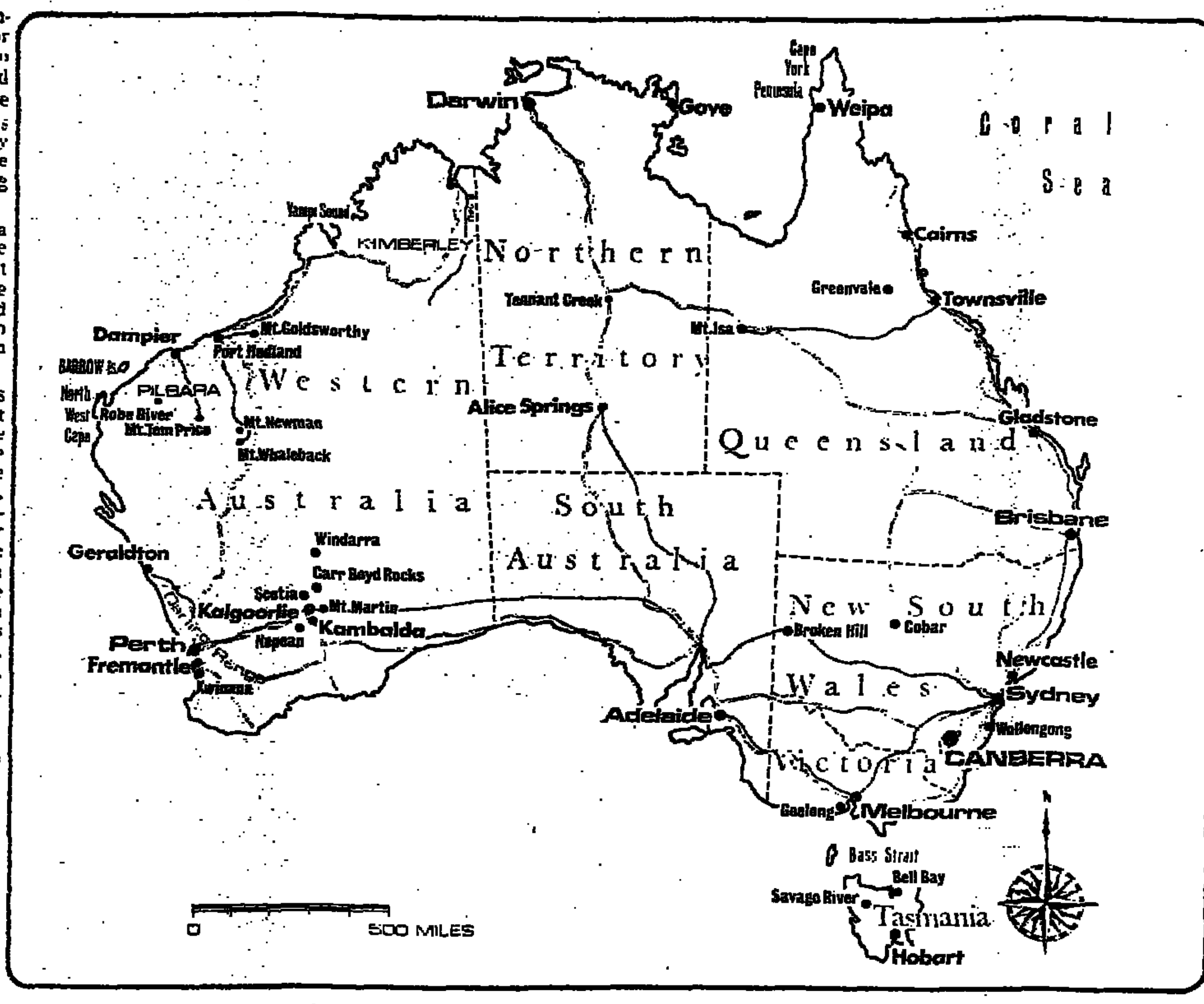
Landslide

In NSW the opinion i indicate that there will l landslide to Premier Ne Wran's Labor Government snap October election. state Liberal opposition le Mr. Peter Coleman, looks l to lose his own seat. Aft devastating by-election recently, Mr. Coleman use four-letter word on televisio suggesting that Federal Gov ment actions had been anyt but helpful to him. The toria Liberal Premier, Rupert Hamer, must call election before next May, is confronted with opi polls showing a possible L victory. It is widely beli in the Victoria Liberal that a state Minister attacked Mr. Fraser as "g during the crisis over Withers sacking was refle Mr. Hamer's own views.

During the 1975 election paign, Mr. Fraser annou that one of his aims as P Minister would be to politics off the front page. has not managed it so far, there are few indications he is likely to do so.

Laurie Oa

Unpopular policies



WHEN THE Australian Government brought out its budget for 1978-79 angry crowds took to he streets in protest. Around 40 demonstrators were arrested, some went so far as to storm the floor of the Sydney Stock Exchange shouting "Make he rich pay" and causing damage estimated at A$4,000.

Undoubtedly the budget is a ough one. As the first of three n the Government's present erm of office it may well be esigned to crack down hard ow so that there is more to ive away as the 1980 election raws near.

But public outrage was irected less at the incipient angers of squeezing the conomy too hard than by the hort-term cuts in disposable ncome by way of higher taxes. ollowing the Government's pre-ection promise late last year that taxes would not rise. Public rotests made much of a tax on mily allowances where uildren earn more than A$6 a eek—which hit the headlines a vicious attack on newsboys, raid on children's piggy banks.

But no one demonstrated over nemployment, already at cord postwar levels and rtain to rise further because the budget strategy. No one arched for the right to work. Australian stock indices rose e Government noted with lief that investment portfolio anagers in London had seen d approved—and sat back ntented.

axation

Once again the Government s opted for low growth, a tight netary policy and higher ation in an attempt "to get underlying factors in the nomy right," as Prime uster Mr. Malcolm Fraser, s it. This means getting ation down below 5 per cent m the present 8 per cent, ting interest rates (to around or two points above inflation first-class long-term Govern-nt paper), cutting public nding, increasing profits in tion to wages, and reducing current account deficit. hese things are sorted out, world trade and inter- resource investment in sluggish, Australia be a good position to up more than its fair e," says Mr. Fraser.

eanwhile unemployment is erally expected to go on ng from the present level, ch at between 6 and 7 per is not only a post-war peak also higher in relation to averages than in most other ntries. The Government tes most of the present nployment to high wages, wing the 1973-74 wages osion, and has moved to ain real wages by cutting e indexation from 100 to 75 cent.

is determined to resist n pressure for job creation ugh public works pro-ames which, Mr. Fraser would merely rekindle ise in the business com-ity and discourage foreign stment. It is also suggested any increased spending on ic works would rapidly ulate demand for imports, ing the current account it. Since most of the input public works would be stic, and since the Govern-maintains fairly tight on imports, the unions t this argument and are to increase pressure on Government as the inflation eases further.

spite the Fraser Govern-'s success in bringing down ion from around 15 per three years ago there are —in government, in oppo-, in business and in ng—who feel the squeeze gone on long enough and d be relaxed a little if it is to strangle prospects for erm growth.

ough it is generally con- that significant real h depends heavily on ery in other OECD ries, many feel the nment pays too much ion to what overseas port- managers may think and t ignores the fact that big t investment—as in the West Shelf gas project, development of uranium other minerals—will take hen international markets ady, whatever the state of domestic economy. This, argue, makes the present aints not only unneces- harsh but also to some irrelevant. The damage to industry and to the force could be irrepar-

nomic recovery from the ys of 1974 has been fitful, ic bursts of growth in nd 1978 petering out after months. Over the past Gross Domestic Product rown by 1.5 per cent. t the 2 per cent forecast year's budget, a 5 per all in farm output offset- 1.8 per cent increase in m product. The 1978/79 estimates growth at 4 ent but this has been d with some scepticism according to Mr. Bill n, the leader of the oppo-sition, it would require the private sector to boost its growth to 6 per cent from 1.1 per cent over the past year.

Private housing demand revived slightly in the 1978 June quarter but recorded an overall drop of 7.3 per cent for the financial year. Wages rose by 10 per cent—1 per cent in real terms—and real private consumption by 2.9 per cent; a fall in the savings ratio was reversed in the second half of the financial year. Private investment in plant and equipment shot up in the March and June quarters but this is attributed partly to a rush to get in before the halving of the investment allowance to 20 per cent after June 30.

Hopes for real sustainable recovery rest largely with the energy and minerals sector which, while providing comparatively few jobs, is expected to generate huge infrastructure projects. Much of the projected new development still awaits improved world demand and a massive injection of capital but meantime, thanks to generous tax concessions, exploration is rapidly expanding again. Drilling and expenditure commitments for oil and gas exploration off the north-west coast, for example, already stand at A$63m for 1978/79 against A$7.5m in 1976/77 and the A$95.5m projected in 1982/83.

Warily

However, further development cannot yet be taken for granted. The partners in the North West Shelf consortium are still treading warily, insisting that there can be no project until long-term contracts for liquefied natural gas sales to Japan and the U.S. are signed, and there are strong possibilities of competition from Indonesian and Mexican supplies.

Other minerals sectors remain depressed. Though Utah Development—the Australian subsidiary of Utah International—the major U.S. coal mining company, boosted its profits by A$12.8m to a record A$90.98m for the six months to June last, its performance was unique. Slack international demand for steel forced others in the coal and iron ore sectors to continue operating below capacity, though there have been signs over the past few months of domestic demand for steel picking up thanks to the tax concessions on capital investment.

Other parts of the mining sector have their own peculiar problems—such as opposition from the environmental lobby to aluminium mining in south-western Australia where it is claimed the cutting down of forests has increased salinity to the detriment of adjoining farmland. There are also substantial problems relating to aboriginal land rights and union demands over safeguards before uranium mining can get under way, though most of these appear to be negotiable.

The farm sector has performed disappointingly over the past year, hit as it has been by drought and slack markets for wool. Prospects for 1978-79, however, are brighter than they have been for some time and the Bureau of Agricultural Economics expects that real farm income will rise by 22 per cent on the basis of higher prices all round.

Export

Strengthening demand for wool is expected to raise export returns by 5 per cent. The gross value of wheat production is expected to rise by 50 per cent and of barley by 45 per cent though export returns for these two combined are expected to drop by 8 per cent. High domestic prices are expected to boost the gross value of sugar production by 8 per cent despite a 1 per cent cut in volume. Meat prices are also expected to rise sharply—beef and veal prices by around 20 per cent, sheep and lamb by around 9 per cent—more than offsetting reductions in the number of slaughterings.

The Bureau does not appear to have allowed for change in domestic consumption patterns in response to these price increases and it is possible, in view of the reduction in real disposable income, that the domestic market may not fully support them.

Whatever the performance of the primary sectors it is unlikely to affect employment, which is heavily concentrated in the tertiary sector and likely to remain so as increasing numbers of manufacturing industries are forced either to restructure or go to the wall.

Australian manufacturing is caught in a vicious circle of increasing protection and decreasing competivity. Mr. Fraser denies that Australia is overprotectionist and claims that it is more open to manufactures from developing countries than any other industrialised country. But his views are not shared by the World Bank, according to whose recent annual review of world trade Australia maintains the highest level of tariffs on semi-finished manufactures in the world, and the second highest tariffs on finished manufactures after New Zealand.

The World Bank calculates the average level of tariffs among the 16 major industrialised nations, including those of the EEC, at 9.8 per cent on finished goods, 8 per cent on semi-finished goods and 2 per cent on raw materials. The respective figures for Australia are 21 per cent, 11.1 per cent and 0.9 per cent.

Australia's population of 14m, however wealthy, is too small to support the present multiplicity of manufacturers and products but given the present state of the labour market there is no prospect of radical structural change in the next year or so. Meanwhile the move towards technological innovation and automation in the tertiary sector is already narrowing the chances for alternative employment in the service industries.

Whether international pressure for more liberal trade will force the Government to confront a problem which has been brushed aside for the past decade remains to be seen. But while it maintains its present deflationary policies it would seem to have very little room for manoeuvre.

Margaret van Hattem

BASIC STATISTICS

Area	2.96m sq. miles
Population	13.64m
GNP	A$85.5m
Per capita	A$6,268
Trade (1977)	
Imports	A$12.3m
Exports	A$12.0m
Imports from UK	£763m
Exports to UK	£344m
Trade (1978)	
Imports to end March	A$2.9m
Exports to end March	A$3.1m
Imports from UK to end June	£407m
Exports to UK to end June	£170m
Currency:	Australian dollar £=$1.69

Angry headlines in Australian newspapers greet the August budget.

Tough strategy under fire

THE CENTRAL aim of the 1978-79 budget seems to have been to demonstrate to the outside world what a capable economic housekeeper the Australian Government really is, in the hope that there will be—in the words of the budget papers — a "rekindling of interest" in Australia by overseas investors.

The Government believes that by demonstrating its determination and ability to get the inflation rate down it will encourage a strengthening of private capital inflow, though it is not clear what kind of capital the Government expects to attract.

As the business editor of the respected Melbourne Age newspaper wrote a day after the budget was delivered: "It is extremely difficult to fathom just what investment opportunities are available in Australia in view of the parlous state of its own manufacturing industry and the worldwide recession in commodity prices which is inhibiting the start-up of so many mineral projects."

Nevertheless, the Government is gambling that an upward trend in foreign investment will produce a surge of confidence which will give Australia a push towards economic recovery.

Influenced

The basic strategy for the budget was heavily influenced by an overseas trip made by the Prime Minister, Mr. Malcolm Fraser, in June. In talks with bankers and businessmen in the U.S., Britain and Europe, Mr. Fraser found strong approval for his Government's clamp on public spending and its attempt to reduce real wages.

Mr. Fraser returned to Australia with his determination to cut back on the budget deficit reinforced, full of praise for the strength of German economic policies, and more convinced than ever that OECD recommendations for more expansionary policies by industrialised nations were not applicable to Australia.

In his budget speech, the Treasurer, Mr. John Howard, said the second half of 1977-78 had seen "a modest resumption of private capital inflow reflecting in part improved overseas perceptions of the Australian economy and its management." He added: "The maintenance and improvement of these perceptions are crucial to the further recovery of our economy."

The media reaction to the budget was uniformly hostile. Headlines described it as a "black budget," a "horror budget," a "smash-grab budget." The national newspaper, The Australian, had a banner headline announcing simply "It's revolting."

The federal opposition leader, Mr. Bill Hayden, said the Government was locking itself and the nation into a vicious spiral. The budget would reduce consumer demand and therefore reduce the general level of economic activity, he said. Mr. Hayden also accused the Government of refusing to acknowledge that it had social as well as economic responsibilities.

The trade union movement, too, reacted angrily to the budget, with the president of the Australian Council of Trade Unions, Mr. Bob Hawke, predicting that it would result in the number of unemployed rising by a further 150,000. But the unions rejected proposals from some of their more militant leaders for a 24-hour national strike over the budget.

Organisations representing business were relatively cool in their response on budget night, but the effect on the stock market the next day indicated that the Government had succeeded in giving business confidence a boost. In Sydney, for example, brisk share trading sent the all-ordinaries index to its highest point for 4½ years.

Business is impressed by the promise of a continuing fall in inflation and the prospect of lower interest rates. The inflation rate target for the financial year is 6 per cent., and the Government expects the annual rate to be approaching 5 per cent by mid-1979. Mr. Fraser has since said his objective is to get inflation down to a rate of 3 or 4 per cent.

During last year's election campaign Mr. Fraser was predicting that interest rates would fall by at least 2 per cent by the end of 1978. Since the budget he has not used a figure, but holds to the promise of achieving lower interest rates. If they are to fall, however, the credibility of the budget deficit figure is crucial, and here the Government strikes some difficulty because of the "rubbery" nature of figures in the 1977-78 budget.

In that year the Government forecast a total deficit of A$2.2bn and a domestic deficit of A$1.3bn. Largely because of a shortfall in revenue, those figures ballooned badly. The actual outcome was a total deficit of A$3.3bn and a domestic deficit of A$2.5bn.

This year Mr. Howard has budgeted for a total deficit of A$2.8bn and a domestic deficit of A$1.7bn, but the reliability of these figures has already been queried by the media and the Labour opposition. Changes in the health insurance system, in particular, have been singled out as an area where the Government could find itself committed to considerably larger expenditure than that provided for in the budget estimates.

The budget held out no promise of an improvement in the employment situation during 1978-79. In fact, Mr. Howard conceded in his speech that unemployment "may well increase somewhat." And, addressing a National Press Club luncheon in Canberra next day, he said he did not think unemployment in Australia would ever return to the low levels of the 1950s and 1960s.

An intriguing section of the budget speech, which has attracted less attention than it deserves, dealt with the Government's approach to wages policy. Mr. Howard suggested that the Government would be prepared to use its control over money supply to keep wage levels down—something which has never before been suggested in Australia.

Threatened

In the same section of the speech he threatened that the Government would also retrench civil servants if necessary to ensure that its own total wage bill did not exceed set limits.

Mr. Howard admitted that the Government had limited flexibility in monetary policy, but said: "Monetary policy cannot be assumed to passively adjust to accommodate money wage decisions inconsistent with the Government's objective of continuing to bear down on inflation and encourage economic recovery and sustained growth in employment. Employers also should not assume that the finance to accommodate excessive wage rises will be readily available."

The meaning was clear enough. If the Conciliation and Arbitration Commission allows wage rises higher than those the Government considers appropriate, or if employers submit to union pressure and grant wage increases outside the Commission's guidelines, then company working capital will be squeezed.

The Government has received a hammering in the media over its indirect tax rises—particularly the increased excise on beer and spirits, and the levy which raised the price of Australian-produced crude oil [t] world parity. But the publ[ic] had been conditioned to expe[ct] such imposts.

The more heated criticism h[as] resulted from the health i[n]surance changes and a 1½ p[er] cent income tax surcharg[e]. These were not expected—[at] least, not until details leaked [to] several newspapers a day or [so] before the budget was broug[ht] down. But more important, th[ey] aroused allegations that M[r.] Fraser had broken specific ele[c]tion promises.

Mr. Fraser has said specif[ic]ally during the 1975 electi[on] campaign that his Governme[nt] would maintain the Medibar[nk] health insurance system esta[b]lished by the Whitlam Lab[or] Government. The Howard bu[d]get swept away the last vestig[es] of the Labor scheme.

The Liberal-National Count[ry] Party campaign for the 19[77] election revolved around [in]come tax cuts the Governme[nt] had promised to introduce fr[om] February 1. The surcharge [in] the budget, backdated to July [1], effectively cancelled them o[ut] after only five months.

Ironically the tax surchar[ge] was necessary because of M[r.] Fraser's insistence on tax cu[ts] in the previous two yea[rs] despite Treasury advice th[at] they were incompatible with [a] low deficit. This year [he] accepted that the budget cou[ld] not afford the cost of mainta[in]ing his low tax philosophy [in] the present situation.

Overall the budget was [a] tough-minded document wh[ich] made no concessions at all [to] those pressing for expenditu[re] on job-creation schemes to [try] to bring the unemployment le[vel] down. But it was only weeks [be]fore speculation began [to] mount that there might be [a] mini-budget early next year [to] stimulate economic activ[ity] and create employment opp[or]tunities for school leavers.

Laurie Oak[es]

BANKING AND INSURANCE

Feeling the squeeze

AUSTRALIAN BANKS have come through 1977-78 fairly well despite continued monetary restraint as part of the federal Government's anti-inflation policy. Official Government policy during the year was aimed at slowing the growth in money supply, which in the Australian context means the public's bank deposits and holdings of currency. Such a policy obviously has a direct impact on the banking system and is reflected in the relatively small increase in total trading bank deposits during the year of A$652m or 3.4 per cent, compared with an increase of A$2.1bn in 1976-77.

Monetary and financial conditions were unusually tight in the early months of 1977-78, with pressures coming both from a growing private sector balance of payments deficit and an increased appetite for Commonwealth bonds, in anticipation of interest rate reductions. The Government, in the person of the Prime Minister, Mr. Malcolm Fraser, made it no secret that it hoped to reduce interest rates over the year as the inflation rate came down in the hope that it would stimulate a sustainable recovery in demand. In September Mr. Fraser said that he expected the long term bond rate — the benchmark for interest rates generally—would come down by 2 per cent by December 1978. This led to a predictable rush for Government securities which, coupled with a persistent drain through the balance of external payments, kept bank liquidity extremely tight. In September the reserve bank acted to ease the situation by releasing funds "frozen" in the trading banks' statutory reserve deposits (SRDs).

A temporary improvement in the balance of payments in the March quarter and an unexpected increase in the Government deficit following the adoption of new personal income-tax scales in February improved bank liquidity, although it remained seasonally low. The increased capital inflow appears to have been largely caused by companies afraid that capital would tighten dramatically in the seasonal tax rundown period, taking precautions to ensure they had adequate finance.

In February the banks ha[d a] confrontation with the Gov[ern]ment which felt that the re[duc]tion that had taken place [in] official bond rates should [be] mirrored by a reduction in b[ank] lending rates. The ba[nks] strenuously resisted, [par]ticularly any suggestions [that] overdraft rates, which are [con]trolled for amounts up [to] A$100,000 should be redu[ced]. They argued, correctly, [that] they had already borne the [brunt] of a poorly timed reductio[n in] controlled overdraft rates, f[rom] 11 to 10.5 per cent, early [in] 1976 and an increase in [the] area of control from overdr[afts] of A$50,000 to A$100,000. [The] banks were unable to re[duce] their borrowing rates, with [the] result that their margins w[ere] squeezed. The end result [of] the confrontation was [that] interest rates on housing lo[ans] were generally reduced by [½] per cent but the overd[raft rates] remained untouched.

As the deficit began to b[low] out because of the unexpe[cted] shortfall in revenue, the Gov[ern]ment turned to borrow heavily overseas. This had

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A weapon for reform

ON JULY 1 next year, if all goes to schedule, the National Companies and Securities Commission will open its doors. It is an event that may drastically change the shape of the securities industry in years to come.

As its name implies the NCSC will be a national regulatory body responsible for administering company and securities industry legislation. For the first time the federal Government will be involved on a national basis, and for the first time there will also be genuinely national companies and securities industry legislation.

The NCSC has the potential to become an extremely powerful body, working on similar lines to the Securities Exchange Commission in the United States, and will possess the machinery to make it a powerful weapon for the reform of corporate law.

At present companies and securities industry legislation is a state matter. The states have their own regulatory bodies, with the Commonwealth only involved in the Australian Capital Territory, and the Northern Territory. Companies are responsible to the regulatory body of the "home" state in which they are registered. The approach is necessarily fragmentary, with some states much more active than others. New South Wales and Victoria, which admittedly control the greater number of companies, sharebrokers, etc., are much more involved in the supervisory role, including prosecutions for corporate crime, than their smaller counterparts in other states.

The process has been further complicated because the legislation differs somewhat between the states. The companies legislation, for example, is described as uniform, but Tasmania is still working on the 1960 legislation, which takes no account of changes introduced in 1971. South Australia is another case: it has no securities industry Act.

Genesis

The changes had their genesis in the mining boom of the late 1960s and early 1970s although it is now almost eight years since the boom ended. The Senate set up a committee to examine whether there should be a National Securities and Exchange Commission after complaints by Senator Lionel Murphy (now a chief justice) of manipulations of the share market.

The Senate report was not tabled until mid-1974. It detailed a number of abuses and malpractices and recommended that there should be some form of SEC. The Labor Government of Mr. Gough Whitlam attempted to introduce national legislation including an SEC after it gained office in December, 1972. The legislation was prepared by Murphy who was then the Attorney-General. Labor made the mistake of attempting to take control of this area without bringing the states into the picture, which fairly predictably brought considerable opposition, and the proposed legislation had been effectively pigeon-holed by the time the Liberal-National Country Government of Mr. Malcolm Fraser tooko ffice in December, 1975.

There is in any case considerable doubt as to how much constitutional power the Commonwealth has in this area, although it could certainly have some jurisdiction.

The Fraser Government took a different tack. It chose to work in with the States in what it describes as "co-operative federalism." The existing State Corporate Affairs Commissions will be retained, directed by their state attorney-general and with their "fundamental roles remaining essentially unaltered." This will mean that the state bodies will still be responsible for handling matters such as company registration, filing of returns and documents, etc., which of course are good sources of revenue for the States.

The NCSC will have its own full-time executive but will largely utilise the existing state administration. The national body will be empowered to give direction to the State commission but will be concerned primarily with the operation of the national securities market, public companies and other activities of an inter-state character. The Treasurer, Mr. John Howard, has stated that only on rare occasions would a matter affecting the operations of a proprietary company be the subject of directions by the National Commission. Critics of the planned set-up point out that many of the types of abuses that the national body should be monitoring take place in such areas.

The NCSC will be controlled by a ministerial council composed of representatives from the states and the federal Government. All participants will have equal voting.

It is intended that the federal Government will pass a comprehensive Company and Securities Industry Act, and each state will then pass legislation simply stating that the federal law will apply. The states will also repeal their present legislation. Any changes to the federal legislation will automatically apply in the states. Changes can only be made with the approval of a simple majority of the ministerial council. The states have all agreed to try the scheme for at least 12 months, but have the ability to pull out at any stage simply by repealing their enabling legislation.

There is already some degree of co-operation among the states, through the interstate Corporate Affairs Commission. NSW, Victoria, Queensland and Western Australia joined forces when the Whitlam Government was attempting to ram through its legislation by-passing the states.

It is intended to take the opportunity, when passing the Commonwealth legislation, to introduce a number of changes. A draft bill has yet to be introduced, so that the details are not yet public, but it has been stated that a "large number of significant amendments" were intended to make the legislation more effective.

The proposed amendments are believed to include proposals for closer financial control over share brokers and other dealers in securities, and to tighten provisions over insider trading, short selling and the responsibilities of company directors. The NCSC will also have wide powers to stop dealings on stock exchanges. It is also expected that the Commonwealth legislation will provide sharply increased penalties for breaches of the law.

Complaints

The one specific change that has been made known relates to company takeovers, where it is planned to make amendments by the start of 1979 rather than wait for the advent of the combined legislation and the NCSC.

The takeover amendments are planned because of a rash of complaints about questionable takeover practices in which control was wrested but minority shareholders were left locked in. The amendments show which way Australian law appears to be moving. There was considerable support for a form of self-regulation in this area — particularly from the merchant banking fraternity — similar to London's City Code and Takeover Panel. But the ministers decided on the legislative approach and made it clear they had considered, and rejected, forms of self-regulation. Similarly, proposals by the stock exchanges to amend the legislation to extend their watchdog powers was rejected.

With the NCSC moving close to reality, the lobbying is becoming intense over the siting of the Commission's headquarters. The professional community who will be involved, such as sharebrokers, merchant bankers, lawyers, accountants, etc. realise that the establishment of an NCSC will lead to a mushrooming of such services, and that it is inevitable that the concentration will be greatest in the city which houses the Commission. The majority of the stock exchanges favour Sydney but the lobbying has been greatest in Melbourne. There is concern in both Melbourne and Sydney that if the NCSC is located in their rival they will lose out in the battle to retain a claim to being a strong financial centre. It is a fight which yet has to be resolved by locating the commission in Canberra, away from either commercial centre.

James Forth

BANKING AND INSURANCE

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...t of reducing the demands on the domestic capital market and thus assisted the Government's interest rate reductions, while it also helped bolster the balance of payments.

To ensure that the pressure did not force interest rates up during the tax rundown period, the Government continued to release bank SRD funds. They are now down to only 3.5 per cent, leaving the authorities little further scope.

The directors of the Commercial Banking Company of Sydney—one of only two trading banks yet to report for 1977-78—drew attention to this in the bank's recently released annual report. "The Government's firm stand against inflation is commendable and deserves the community's full support," it said. "However, the monetary authorities must recognise that there is a limit to the extent to which bank lending can be supported by SRD releases and reductions in the required ... ratio of the savings banks." The savings banks are required to keep a specified proportion of their deposits in government securities and liquid assets. Last year it was reduced from 50 per cent to 45 per cent and was cut again in this year's budget to 40 per cent, in the hope that the savings banks would boost their lending for housing.

The savings banks, however, are unlikely to sell off Government securities while interest rates are still dropping because they will forego the capital gains involved. The Government has now announced that the present method of controlling the investment of savings bank funds is being reviewed, with the intention of giving more flexibility in determining the composition of their ...

Controls

The banks continue to chafe at the controls imposed on them and point to much faster growth of other financial intermediaries, such as finance companies and merchant banks ... the proliferation of the ... such intermediaries. The Government now has the power to control these intermediaries through the Financial Corporations Act, and the reserve bank has on one or two occasions made a friendly "suggestion" to have its wishes carried out, with the implications that controls would be enforced if it is ignored. The banks, however, believe the controls over the banking system should be removed rather than extended to other intermediaries. The CBC directors spoke of this in their annual report. Referring to "well-intentioned but often ill ... measures by the authorities", they said, "if these ... are implemented ... a new generation of intermediaries will doubtless emerge and the process be repeated."

Like other segments of the market the banks did well out of the falling interest rates—the long-term bond rate has already come down since August last year from 10.5 to 9 per cent and is only 0.25 per cent off Mr. Fraser's target. The outlook is for further reductions but at a slower pace than in 1977-78. Overall the banks are again faced with a small growth in deposits in 1978-79. The Government is aiming at an increase in money supply, broadly defined (M3), of somewhat less than 8 per cent. If bank deposits are held to a smaller increase than in 1977-78, the capacity of the banks to increase outstanding loans will be severely restricted. The banks thus face a year in which balance sheet growth could be strictly limited. The picture would alter, of course, if, as the Government hopes, there is a dramtic pick-up in capital inflow.

Most of the banks balance in September; however two which balance on June 30—the Commercial Bank of Australia and the Commercial Banking Co. of Sydney—have already released their results. Both did well in their actual banking operations. The CBC is still struggling to overcome poor results from its finance arm, Commercial and General Acceptance, which has been hard hit in recent years by its heavy involvement in property in the boom years of the early 1970s.

The slower growth in deposits is expected to reduce the need continually to approach shareholders for equity for gearing purposes, leading to an increase in earnings per share. As a result banking shares have been one of the most strongly supported sectors on the share market since the budget was released.

Insurance companies generally are reporting much better profits in 1977-78, although the gain is primarily from increased investment income. The industry is still running up heavy underwriting losses although gains have been made. The losses in many instances are due to competitive cost cutting of premiums. During the year a medium-sized company, but one which advertised extensively to the public, VIP Insurances, collapsed, leaving the Government looking for the chief executive overseas. The episode led to a scare than many insurance companies were unsound and prompted suggestions that a fidelity fund should be set up to cover such contingencies, with insurance companies contributing a small proportion of their premium income. To date nothing has come of this proposal. One of the major events for the life offices was a Trade Practices Commission investigation into the tied agency agreements adopted by most major life offices.

Under this system the life offices agree to pay commission only to those agents who work for it exclusively. The industry claims that the agreements are necessary and in the public benefit, but smaller insurance companies and the insurance brokers generally favour the TPC decision.

Problems

The depressed state of the economy is causing some problems for the major life offices, which are by far the major investors in the country. The Australian Mutual Provident Society, for example, Australia's largest life office, invested about A$600m in 1977. With the generally depressed state of the economy the corporate demand has been flagging.

The institutions are already stuffed with property and see subdued growth in their investments in this area for some years ahead. They are restricted in portfolio investments abroad to only A$1m — or less than one day's investible funds for the AMP. The life offices are thus casting about for avenues. Some of the funds will, of necessity, be pumped into the share market. But the market is already thin, and the dominance of the institutions is increasing each year and is reaching the point where it cannot sustain the type of buying power available to the life offices. The pressure to invest is leading to some differing solutions. The AMP is looking to large-scale investment in resource projects. It has already bought into the Queensland coal operations of Utah and Mitsubishi and is known to be interested in uranium and other resource ventures. The second largest life office, the National Mutual, has embarked on the takeover trail.

In recent months it has bought out Consolidated's Gold Fields' stake in Commonwealth Mining Investments and made a bid for the remaining capital. More recently it has bought control of the local finance company, Mercantile Credits, by purchasing the Hong Kong and Shanghai Banking Corporation holding. It is now bidding for a local trustee company.

Long-term solutions, however, will need careful consideration. In fact, the Government promised last year during the election campaign that it would institute an inquiry into the capital market, but to date there has been no action. There has not been a serious review of the capital market and the banking system for 40 years or more, although there have been considerable changes since then.

James Forth

Canberra relaxes its monopoly of overseas finance

OVERSEAS CAPITAL markets are soon to be confronted with a number of new Australian Government-backed borrowers. This will be a novel departure, since for decades borrowing abroad has been the preserve of the Federal Government—and until about 12 months ago had also been a relatively little tapped facility. But in recent months the Federal Government has embarked on a heavy overseas borrowing programme, in several markets, to bolster its sagging official reserves and prevent an official devaluation of the currency.

This programme has already *taken commitments well past* the A$2bn mark and further heavy borrowings are expected for some time. In March, however, Prime Minister Malcolm Fraser announced that there would be a relaxation of the rules to enable State semi-government authorities and statutory authorities to borrow abroad.

Access

The decision will allow major State authorities such as the power utilities and statutory undertakings such as Telecom, Qantas, Australian National Line, Trans-Australia Airlines and the pipeline authority access to markets overseas. At present these borrow domestically under the supervision of the Loan Council, a body which represents the State and Federal Governments. The Federal Government's own domestic bond raisings are also supervised by the Loan Council, which sets the interest rates and determines the timing of loans, and in some cases the amount. *The* system *has* operated since the 1930s but in recent years has come under increasing pressure.

The major problem is the rapid escalation in the capital requirement for major new projects by public utilities, such as new power stations, railways or gas pipelines. The Loy Yang power project in Victoria, for example, which is the next base load for the State, will cost around A$1.5bn over the next few years. The domestic market cannot cope with such additional capital requirements without at least a sharp rise in interest rates, which would threaten the Government's *economic strategy of reducing* interest rates to stimulate demand.

The States have *become* increasingly restive in recent years as the capital costs of developments have soared. *In* several, notably Queensland and Western Australia, where large-scale natural resource ventures have occurred in remote and thinly populated areas, mining companies have had to pay for many normal Government services such as railways, roads, water supply, ports and housing.

The capital escalation has been *greatest in these services* and several large ventures still on the drawing board are jeopardised. The States have accepted the need to shoulder some of the infrastructure costs, and Canberra, equally as keen for resource developments to *get under way and desiring* to attract foreign investment, now agrees.

Whether the authorities would have done much, how*ever, is another matter. The* federal Treasury was opposed to the Government allowing a number of Government-backed borrowers into overseas markets. However, early *last year* State authorities with the blessing of their respective Governments began to find means of circumventing the Loan Council system. Victoria's power utility began entering into extended credit terms from suppliers through the issue of promissory *notes for the Loy Yang scheme.* The utility contended that this form of financing was not tech*nically a borrowing and* therefore outside the scope of the Loan Council.

Western Australia's power utility came up with an alternative proposal, similar to leverage leasing, which if implemented, might have enabled *State utilities, which do not pay* taxes, to pass on depreciation and investment allowances to *tax-paying lenders, thus* reducing company tax revenue to the federal Government. Alarmed at this trend Canberra *relented and announced that the* borrowing restrictions overseas would be eased.

The State Premiers have submitted a list of projects to Canberra, totalling about A$2.5bn for which they wish to raise funds abroad. They include several resource projects such as the Redcliff petrochemical venture in South Australia.

Galloped

No sooner had Mr. Fraser announced that there would be relaxations than several State politicians galloped abroad touting for funds. Queensland's Treasurer, Mr. Bill Knox, went to Tokyo, New York and London taking a 16-page prospectus which outlined the possibility of raising at least A$1bn over the next 20 years. Western Australia's Premier, Sir Charles Court, also travelled overseas *talking of raising at least* A$1bn by 1990, starting with A$100m in the first year.

The States are acting somewhat prematurely, however, as the guidelines governing the borrowings have not yet been *firmly settled.* Nor has any decision yet been taken as to how much can be borrowed by the authorities, *although it will* certainly be less than the States are hoping for.

It is known that any such overseas borrowings will still need the approval of the Loan Council and that it will require a simple majority "including the *Commonwealth*" which is Canberra's ingenious way of ensuring the right of veto over any proposed *borrowings.*

In June it was announced that any overseas loans would need to fit within the Government's domestic monetary policy and external policy, which is hardly surprising as Canberra is unlikely to agree to a plethora of borrowings which would create money supply and inflationary prob*lems. A working* party was set up to examine which special borrowings should be supported and the scale and phasing of any borrowings.

It is known that the federal Government wants any borrowers to join a queue to prevent authorities competing *in markets around the world* hence the reference to phasing. The Commonwealth also wants any borrowings to be for a long period, with a minimum term of 10 years, at fixed rates and with a "severe embargo" on negotiability. This would have ruled out the commercial banks and probably the Eurobond market place but it is suggested important. It would tend to concentrate attention to the U.S. private placement market.

However, the June announcement said that the borrowings would be limited to certain forms, primarily from or through commercial banks and other approved financial institutions. The emphasis on commercial banks, which normally lend for three to seven years, opens a

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SHARE MARKET

Foreign buyers active

THE AUSTRALIAN share market has bounded ahead in recent months: in fact, it is displaying many of the signs of a boom *mentality. As in the last great* boom—in the late 1960s and early 1970s the action is concentrated in the mining sector but is spilling over on to the industrials. Those who remember the aftermath of the last boom—the dramatic bust and the drawn-out inquiries into the securities industry which revealed many abuses, excesses and malprac*tices, are reluctant to concede* that a boom may be developing. But, once again it is foreign investors who are setting the pace, and if they continue to display confidence, whether misplaced or not, the market will maintain its present impetus.

The Australian share market is thin, with the local institutional investors—life offices, *pension funds, etc.—the dom*inant influences. It is strongly affected by a relatively modest change in the degree of support from overseas investors. At the moment the overseas investors are buying and the market is rising rapidly. Yet the economy *is still in the grip of economic* recession, with little prospect of anything other than gradual recovery.

Only last month the Australian Government introduced a draconian budget for 1978-79 — with higher direct and indirect taxes and cutbacks in welfare programmes, including the emasculation of the national health service, Medibank. The budget was deliberately deflationary and is aimed at continuing to *bring the inflation* rate down to a point at which the accompanying drop in interest rates will stimulate a recovery *in demand.*

Falling

The inflation rate is certainly falling—in 1976-77 it was around 8 per cent., and the Government is aiming for an annual rate of about 5 per cent by mid-1979, which is a far cry from late 1975, when inflation was galloping at an annual rate of about 20 per cent. The cost is high in terms of unemployed with more than 411,000 or 6.5 per cent of the workforce registered as unemployed, and even the Government expects the figure to rise in the current year.

Thus, while it is undoubtedly correct that a market moves in anticipation of future trends, the present surge has been too strong and the recovery is too far away to attribute it mainly to that reasoning.

There is no doubt that a number of factors are at work. One is that the depressed state of the domestic economy has led to a much reduced corporate demand for fixed interest or even additional equity funds. The gap has been partly filled by increased sale of Government securities, but the large institutional investors have nevertheless been forced to increase their share purchases simply because of the lack of sufficient alternative investment avenues.

Another factor is a growing view abroad that the Australian dollar may have reached the stage where it is undervalued. The short-term trade outlook is not very encouraging, but the longer term is bright with significant uranium, natural gas and coal resources projects in the pipeline.

The Australian dollar has largely followed the U.S. greenback down, which means that it has considerably depreciated *against other major currencies.* With the continuing improvement on the inflation front holding out prospects of an improved economic climate, there is plenty of support for the view that the Australian currency may have fallen too far —particularly if there is an increase in capital inflow to improve the balance of payments *position. The Government's bud*get strategy is largely aimed at attracting overseas capital by convincing foreign investors that it has responsible economic policies.

Strongly

If the share market is an early indicator then that *strategy may be working,* because the market has risen strongly since the budget. In the 12 months to June 30, the Sydney All Ordinaries Index rose from 457 to 492 points—or slightly less than 8 per cent.

In the week immediately after the budget the All Ordinaries put on more than 13 points to 535, or about 2.5 per cent. Since then the market *has risen more* rapidly, and the index is now around 550, a gain of more than *12 per cent since June.* Shareholders report a decided increase in overseas interests, particularly in the UK, but also from the U.S., Europe, and the Far East.

Several UK sharebrokers have recently recommended investment in Australian stocks, mainly in the resources sector, but industrials have also come in for a mention. A number of smaller Australian exploration companies have also been able *for the first time in years* to raise funds successfully in the UK from placements of *shares.*

The interest in mining stocks has been sparked by a promising discovery of diamonds by a consortium headed by Conzinc Riotinto of Australia—the local offshoot of the UK mining house, Rio Tinto Zinc. The consortium has already discovered a number of commercial value diamonds in 26 Kimberlite pipes at the Ashton prospect in the Kimberley ranges of Western Australia, and is putting in a pilot plant to test whether it has a commercial find on its hands. There is a widespread belief that Ashton is viable, which tends to be supported by the fact that *Malaysia Mining* Corporation intends to float a stake in Ashton to the Australian public.

MMC is the lorld's largest tin mine and is owned 72 per cent by the Malaysian *Government* and 28 per cent by Charter Consolidated. It holds a 27 per cent interest in the *prospect* and has formed Ashton Mining NL as the vehicle to offer a local equity. The details *of the* issue have yet to be disclosed, but the Australian public will be offered at least 25 per *cent* of Ashton Mining.

The lure of diamonds has touched off a flurry *of pegging,* largely by small exploration companies. The interest is not *confined to small fry:* a number of major groups including Selection Trust, Amax, De Beers and Australia's largest company, Broken Hill Proprietary has joined the search. Nor is it confined to Western Australia as there has been buying for companies looking for diamonds in New South Wales.

The speculation has spilled *over somewhat* into oil exploration stocks and into uranium counters. The Government appears *close to clinching* a deal with the aborigines in the Northern Territory to enable development of the Ranger and Nabarlek deposits in that region, while Western Mining has entered into a deal with Exxon to finance its Yeelirrie deposit in Western Australia and commit at least 60 per cent of its production.

On the industrial front the major interest in recent months has been in takeovers. There has been a decided increase in the amount of takeover activity, with companies preferring to expand through the purchase of existing assets, usually undervalued. This trend is expected to continue for some time.

Just how long the current euphoria will last cannot of course be determined. There will, of course, be burned fingers in the *outright speculative* mining stocks. But sharebrokers are encouraged by the fact that heavyweight mining and industrial stocks are also coming in for buying support.

The stringent measures taken in the budget should enable the *Government comfortably* fund *its* projected deficit and at the same time continue the reduction in interest rates. Given this scenario it is quite possible that the market will at least maintain a steady improvement.

J.

Welcome restored in a big way

THE WELCOME mat for foreign investors has once again been laid down in Australia. Within the past decade the attitude towards foreign investment has swung the full circle. Investors have been successively openly welcomed, reviled and bitterly tolerated. Now they are once again being tolerated. Until the early 1970s foreign investment was keenly sought, and foreign capital was the main source of funding for the major resource developments of the 1960s. A rising tide of nationalism resulted in guidelines for foreign investment being introduced late in 1972.

The nationalistic sentiment reached its zenith in the mid-1970s during the term of the Whitlam government. The foreign investment guidelines were not only hardened up but the welcome mat was definitely removed. Foreign investors, particularly in the mining and resources area, were made to feel unwanted and obstacles were placed in their way. No major new projects were started during this period, which was undoubtedly influenced by the prevailing Government attitude to foreign investment. When the present Liberal-National Country Party Government took office in late 1975 there was a widespread belief that the situation would change—and in fact there have been some new projects involving foreign capacity which have got underway or been announced.

But until recently the Fraser Government's policy has been similar to that under Labor. It has maintained the same principle that in general new investments in key industry groups should involve at least 50 per cent local equity. Key industry groups were defined as production and development of raw materials, including oil and natural gas, agricultural and pastoral projects and forestry and fishing. In the case of uranium the local equity must be 75 per cent., which was a relaxation of the Labor Government's insistence that uranium ventures must be 100 per cent Australian owned. The Australian economy has proved much more difficult to get moving again than the Government expected. In fact it is still deep in the midst of recession. The recession in major overseas economies in the wake of the OPEC oil price rises, has of course been an influencing factor.

The worsening trade situation, as demand has fallen for Australia's major commodity exports such as coal and iron ore, and the rising invisibles bill—largely because of the rising cost of oil—has led the Government to look towards capital inflow to offset the pressure on the balance of payments.

Early this year the Government set up an inter-departmental committee to conduct an urgent review of matters likely to inhibit foreign investment in Australia. In June a relaxation of the foreign investment guidelines was announced. The broad policy remains the same, requiring at least 50 per cent Australian equity, but a new category of foreign investor was introduced. At present companies are considered foreign if an individual overseas shareholder has 15 per cent or more of the capital or the aggregate overseas shareholdings total 40 per cent or more. In future, however, foreign companies which have at least 25 per cent local equity, make a public commitment to lift it to 51 per cent and appoint a majority of Australians to the board, will be granted "honorary" Australian status.

Review

Companies which give this public commitment will be classed as naturalising, and once the 51 per cent equity has been obtained will be considered naturalised. For new projects naturalised and naturalising companies will be considered Australian and able to proceed with ventures in their own right, in partnership with an Australian company or another naturalised or naturalising company. However, except in special circumstances, they will be precluded from entering into joint ventures with a wholly overseas-owned company.

This represents a significant relaxation for large foreign-controlled groups, which are already listed on the stock exchanges with a sizeable local equity, but well short of the 50 per cent level previously required. Groups such as Conzinc Riotinto of Australia (CRA), the local offshoot of the UK mining house Rio Tinto Zinc, with a 27 per cent local equity, had long argued that they were disadvantaged because they could not undertake new projects in their own right, short of becoming majority Australian owned.

CRA played a prominent part in convincing the Government to alter the ground rules. Australia's largest mining company, CRA was to the fore in the mineral development surge in the 1960s and had long maintained that different criteria should apply to foreign owned companies, such as itself, which are Australian owned and working towards increased local equity. In fact the Australian ownership of CRA has increased in recent years from around 14 per cent to the present level. CRA publicly promised last year to continue this Australianisation until the local equity is 51 per cent, provided the group was then treated on the same footing as wholly owned Australian groups. It was CRA's experiences last year which led it to increase its efforts to convince the Government to change the guidelines. In one case the Government refused CRA permission to make a takeover offer for local mining company AAR to maintain a major stake in the A$1bn Hail Creek coking coal project in Queensland, leaving the way clear for the Australian group, CSR.

In another case CRA was effectively shouldered out of a joint takeover of New South Wales coal producer, Coal and Allied Industries (CAIL) by the NSW Government, largely over the issue of foreign ownership of state resources. In this instance the federal Government belatedly gave approval for the bid after the state government had stepped in with a proposal to transfer CAIL's major coal reserves to the state power utility. The state government changed its mind after the outcry stirred up by this plan but, more than 12 months after making its initial offer, CRA finally tired of waiting for the state government to give its approval and withdrew its long-standing offer.

CRA and representatives of other foreign controlled companies convinced the Prime Minister, Malcolm Fraser, on the eve of an overseas trip to the United States and several other countries, to woo foreign investors, to agree to the relaxation. The changes were strongly opposed by a number of large Australian groups, with CSR well to the fore, but the larger institutions, such as the life offices and the securities industry, were in favour of the move.

The opponents, however, managed to obtain some important last minute concessions. One was to prevent naturalised or naturalising companies to join with wholly-owned foreign companies. The Australian companies had argued that nationalising companies might set up joint ventures with their overseas parent. Company takeovers were also excluded from the relaxation. Naturalised or naturalising companies will still be able to make takeover bids but they will have to apply, as they do at present, to the foreign investment review board for approval. In takeovers, however, the honorary Australian status will not apply. The Government also made it clear that it expected the naturalisation process would take place primarily through new share issues rather than by takeovers. Effectively the changes will probably reduce the number of takeover offers by naturalising companies.

No time limit was placed on the naturalisation process, because it was considered impractical. This has aroused some local criticism but it has been made clear that naturalising companies must give a broad outline of their intentions and report progress each year. If the Government believes there is any procrastination the honorary status would be withdrawn.

Convincing

The Government's strategy to attract foreign investment has not rested with merely relaxing the guidelines. The drastic deflationary federal budget for 1978-79, with its recipe of higher taxes and reduced social services, is largely aimed at convincing investors abroad that Australia's inflation rate will continue to fall, that its currency will strengthen, and that it is therefore worth restoring to their lists. If the early sharemarket reaction is any guide it may prove successful. Share prices have surged since the budget and sharebrokers report a solid increase in overseas buying.

Since the relaxation of the guidelines there has been a noticeable increase in the number of large takeover bids for Australian companies by foreign companies, although they have all been on the existing criteria with none of the bidders making any commitment to naturalise. The only bid which has been rejected was a $A34m offer for the tea and coffee group Bushells from Brooke Bond Liebig. If the deal had gone through Brooke Bond would have dominated the tea and coffee market, which the Government apparently decided was not in the national interest. It is unlikely that an isolated rejection will deter foreign investors if they have been convinced the investment climate is now right. The federal Government will be closely monitoring the private capital flow figures over the next few months to see if this is the case.

J.F.

Conzinc Riotinto of Australia (CRA) has played a prominent part in persuading the Australian Government to relax the rules on foreign investment. Above is the company's Mary Kathleen uranium mine.

ORROWING

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much larger market. Overseas banks in many countries flush with funds and are no bt knocking on the doors potential borrowing aorities.

The new rules will need to be led out clearly before any rowings can take place. The king party has managed to ntain security and few ils have leaked into the ket place but it is suggested the guidelines will be made wn soon.

key phrase that needs clear- up is the reference to rtain forms" of borrowing. ould still mean that the orities plan some curbs on tiability or other limita- which will reduce the scope of the market in which borrowings can be made.

Given the federal Government's own budgetary problems and its determination to maintain a tight rein on its deficit the States have no chance in the short term of borrowing on anything like the scale they would wish. It is suggested that the maximum for all borrowers combined will be around A$ 200m in the first year.

Once the start has been made, however, the State Governments are confident that they will be able to boost the scope of their overseas borrowings significantly.

J.F.

IMMIGRATION

The invasion continues

MORE THAN 13,000 Indochinese refugees have settled in Australia since Saigon became Ho Chi Minh City, and the number is expected to reach 20,000 before next June. The current intake is around 750 a month, not counting the small number who land along the northern coastline in their small, battered boats—1,642 so far. Compared with Australia's current immigrant intake of around 70,000 it does not sound a lot. Compared with the numbers arriving in Thailand and Malaysia each month and flying off to France and the U.S., it is not a lot. But it is more than many Australians want. If, as expected, the recent sharp increase continues, the issue could become a major headache for the Federal Government.

The exodus from Indochina has made immigration policy once again the subject of heated public debate in Australia, reviving all the old hostilities and latent fears of a peaceful invasion from the north. Australia is not unused to refugees. It has taken in more than 300,000 in the past three decades—almost one-tenth of its total migrant intake—from post-war Europe, from Hungary in the late 1950s, Czechoslovakia in the late 1960s, more recently from Lebanon and Timor. Moreover it has the facilities to receive them. The massive sponsored immigration programmes of the 1950s and 1960s left the country with extensive administrative, housing and rehabilitation facilities, and these have recently been added to specifically to deal with the Indochinese influx.

Immigrants and foreigners have traditionally been subject to a certain amount of resentment and suspicion from some sectors of the Australian community, particularly in times of sluggish economic growth and unemployment. But the Indochinese refugees seem to be attracting a disproportionate amount of hostility. Many Australians who would enthusiastically support cash handouts for reconstruction programmes in Indochina appear offended by the fact that the Vietnamese, Chinese, Laotians and Cambodians arriving at Australian airports are neither dressed in rags nor visibly on the point of collapse from starvation.

Denounced

Those with sufficient capital or initiative to start up as small businessmen, fishermen or shopkeepers tend to be denounced as profiteers, pimps and brothel-keepers. Immigration officials know of one or two refugees who arrived carrying up to $50,000 in cash but say that most of the Indochinese bring little of value with them. However, rumours of refugees arriving with concealed hoards of gold and gems are rife. And those believed to be penniless are resented as a drain on the economy, a threat to the unemployed. Migrants from other countries, anxious to bring in their relatives and reunite their families, resent what they regard as queue jumping. Not all Australians resent the Indochinese—but those who do tend to be the more vocal.

The problem of reconciling Australia to the refugees can only get bigger if, as expected, domestic unemployment continues to rise and if, as expected, the numbers continue to swell. Estimates of this growth, based as they are on evidence taken from those who have escaped, ought perhaps to be treated with caution. The estimate of around half a million more leaving Indochina over the next three years, passed on to Canberra from certain Asian governments, sounds unnecessarily alarmist. But it is being taken seriously. "Less than half who try to leave succeed, but those who fail keep trying," says one immigration official. "Many get there only after several tries—one chap made 13 attempts. They say even the lampposts would leave if they had the money to bribe the authorities."

By far the greatest number of refugees are expected to want to join relatives already in France and the U.S., but many will want to come to Australia, and the Government here is already under pressure to expand its intake from the overcrowded camps of Thailand and Malaysia. These countries are unwilling to provide permanent refuge for more than a readily absorbable quota and are understandably alarmed by present trends. Diplomatic pressure on Canberra from Kuala Lumpur and Bangkok is perhaps rendered more effective by Australia's apparent desire to smooth over any rough patches in relations with its Asian neighbours without lowering the trade barriers which cause them.

Hostels

So far the Indochinese in Australia (Vietnamese outnumber Laotians four to one, Cambodians 16 to one) do not appear to have made any perceptible impact socially or economically. In any case, there is bound to be a lag of up to six months while they remain in migrant hostels undergoing English language courses and other rehabilitation programmes.

But to absorb them painlessly into a society with record post-war unemployment is a challenge the Government does not underestimate. It has prompted a special policy statement from the Immigration Minister, Mr. Michael Mackellar, laying down the guidelines for selection (which give priority to those meeting normal migrant criteria on family reunion or desirable job skills), setting up new mechanisms (such as a special interdepartmental committee on refugees to co-ordinate policy and a special office in Thailand to process applications for entry) and encouraging participation by voluntary agencies.

But the refugee programme cannot be run in isolation from the overall immigration programme, which it could distort out of its present pattern. Migrant intake was severely cut back by the Whitlam Government—from 170,000 arrivals in 1970-71 to 52,500 in 1975-76—with the introduction of strict new criteria for entry. Until then, the intake of unskilled and semi-skilled workers from Britain and southern Europe had been virtually unchecked, giving rise to large immigrant communities not integrated into Australian society and employed mainly in the sectors of industry most in need of restructuring.

Priority

The new rules gave priority to those with the professional qualifications and job skills for which Australia had vacancies, and to those wishing to join their immediate families here. They also provided for non-discrimination on grounds of race, colour or nationality, which in practice lifted the intake of Asians to around 14 per cent of the total from around 5 per cent, and of Middle Easterners (mainly Lebanese) to 23 per cent from 6 per cent. The Fraser Government has continued to observe these criteria, and its new immigration policy, due to be introduced on January 1, 1979, incorporates them.

But there are additions and modifications—the rules on family reunion are relaxed to cover more categories of relatives, for example. The new policy also provides for triennial programming beginning July, 1978, allowing for a gross annual migrant intake of 90,000 to yield an annual net gain 70,000, with a net worker g[...] of around 27,000. This will [...] accompanied by constant m[...]itoring "to ensure that the co[...] position of migrant intake s[...]tains cohesion and harmony [...] Australian society."

If, as expected, the int[...] of Indochinese refugees reac[...] 9,000 in 1978-79—10 per c[...] of the total intake—a sizea[...] cutback can be expected in [...] intake from countries such [...] Malaysia, Indonesia, Japan [...] Hong Kong, where some of [...] biggest growth has come [...] recent years. The net eff[...] may be to increase the prop[...]tion of unskilled immigra[...] The Government concedes t[...] those entering under the m[...] liberal family reunion requ[...]ments are likely to inclu[...] many unskilled Britons [...] Europeans: the Indochin[...] whose qualifications are of[...] unacceptable in Australia, [...] displace more highly ski[...] immigrants from the East [...] South East Asian countrie[...]

Some pruning of the pre[...] migrant intake may also [...] required during the next [...] or so to accommodate a big[...] intake from Rhodesia. So[...] applications from there are [...]ing fairly steadily, but the l[...] of inquiry has soared to aro[...] 500 a month.

Given the constraints imp[...] by slow economic growth, [...] urgency of the refugee prob[...] and the persistent Austra[...] fears about "opening the fl[...] gates to Asia" it would be [...] for any government to com[...] with a policy acceptable [...] to its electors and to its o[...]seas neighbours. The wor[...] of the new policy allows f[...] great deal of flexibility, bu[...] doing so it provides a [...] amount of leeway to reve[...] the mistakes of the past.

M.[...]

TRADE

Parochial attitudes

AUSTRALIA'S RELATIONS with some of its principal trading partners took a decided turn for the worse in 1977-78. With the EEC they became so bad at one stage that talks had to be broken off while tempers cooled. Australia became resentful when Japan cut back its sugar imports and threatened to abolish long-term contracts for iron and coal, and was itself the object of recriminations from the ASEAN countries over curbs on their exports of manufactured goods.

Yet in view of the generally depressed state of world trade Australia's record was probably as good as could be expected. The overall volume of trade appears to have more or less kept pace with inflation. The deficit on invisibles grew, widening the current account deficit from A$1.9bn in 1976-77 to A$2.42bn in 1977-78. Visible imports grew faster than exports, largely because of low prices for wool and sugar exports and higher import bills for oil.

But the world steel crisis did not prevent a growth in returns from coal and iron ore, two of the biggest export earners. The trade surplus fell to around A$1bn from A$1.2bn in the previous year and A$1.5bn in 1975-76 but remained well above that of previous years.

Deteriorate

Why relations with the EEC should have been allowed to deteriorate puzzles many in both Brussels and in Canberra. Despite a fall over the past decade in the two-way trade with Britain, the EEC remains Australia's biggest market after Japan and its biggest source of imports. Around 15 per cent of Australia's exports now go to the EEC (25.5 per cent 10 years ago) against 32 per cent to Japan, 10.5 per cent to the U.S. and 5 per cent to New Zealand. Around 24 per cent of its imports come from the EEC (34 per cent 10 years ago) against 21 per cent from the U.S., 19 per cent from Japan and 3.2 per cent from New Zealand.

The friction between Brussels and Canberra arises mainly over agricultural trade. The Community's Common Agricultural Policy (CAP), geared to protecting European farmers, preserves an artificially high price structure by slapping quotas and levies on any imports which might otherwise erode it. Moreover, the Community, a chronic over-producer, periodically disposes of its surpluses of, for example, sugar and dairy products, by selling them on third country markets at highly subsidised rates.

The Australians feel with some justification that as efficient producers they have a right to a larger share of world markets than this unfair competition is leaving them. They also feel (with perhaps less justification since they do not accept the converse argument in relation to their own inefficiently produced manufactures) that since they can produce commodities such as beef more efficiently than can the Europeans, they should have greater access to the European market.

Australia is not without sympathisers in Europe, where the absurdities of the CAP are coming in for increasing criticism and where there has been an attempt—though as yet not a particularly effective one—over the past two years or so to cut back excess production. Moreover, the Community is interested in preserving good relations with Australia and securing access to its mineral reserves once world economic activity, and in particular the steel industry, picks up. But Australia does not have a big enough share of world mineral resources to succeed in bullying the Community into accepting its terms, and strident demands by Australian politicians passing through Europe tend to be counter-productive, however well they may go down with the Australian Cattlemen's Association.

In its quarrel over agricultural trade, Australia has a good case which speaks for itself, however deaf the Europeans may appear at times, and it is hard to see why its leaders "go round kicking everyone in the shins"—as one member of the Canberra Government puts it—on secondary issues. Talks broke off with the EEC earlier this year largely over the question of access to Europe for Australian beef. The EEC agreed to hold bilateral talks but refused to commit itself before the multilateral trade negotiations in Geneva, whereupon the Australian Prime Minister, Mr. Malcolm Fraser resorted to strong abuse and veiled threats of retaliation.

The Australian beef industry has gone through a particularly acute depression. Although it is now recovering—the value of cattle slaughtered rose by 19.2 per cent in 1977-78 compared with an overall 1.5 per cent increase in the value of agricultural output—it needs to expand its overseas markets.

But the beef trade with Europe is not of major importance to Australia. Over the past three years beef exports have brought in on average less than 6 per cent of export earnings (compared with 11 per cent each for coal and iron ore, 10 per cent each for wheat and wool) and only 6 per cent of beef exports went to the EEC, compared with 40 per cent to the U.S., 13 per cent to Japan and 10 per cent to Russia. Since Europe is moving towards self-sufficiency in beef, there would not seem to be room for significant market expansion there.

The Gaucheness and lack of diplomatic sensitivity displayed here also showed up in the more important relationship with Japan. Last June, for example, the Australian Government announced major cutbacks in imports of sheet steel less than a week before a delegation of Japanese steel industry leaders arrived to discuss the future of the iron ore and coking coal trade between Australia and Japan. Since Japan supplies about 90 per cent of Australia's sheet steel imports, there could be little doubt where the cuts were aimed.

Given the difficulties facing the Japanese steel industry and the indications of growing Japanese interest in Brazilian iron ore, the timing was more than a little unfortunate. Hardly surprisingly, the Japanese delegation threatened to abolish long-term iron and coal contracts altogether unless the Australians were prepared to make them a good deal more flexible.

Arguable

Whether Australia needs Japan more than Japan needs Australia is arguable but it seems foolish to press the point with one's biggest trading partner. Roughly 25 per cent of Australia's trade is with Japan (against 20 per cent with the EEC and 15 per cent with the U.S.) and the terms of trade (excluding invisibles) are in Australia's favour almost 2 to 1.

Japan is the biggest or second biggest customer for all Australia's major export earners. Provisional figures for 1977-78 show it took A$1.089bn of the A$1.457bn in coal exports, A$352.8m of the A$1.183bn in wool, A$733m of the A$920.9m in iron ore, A$116m of the A$1.013bn in wheat, A$96.6m of the A$825.9m in meat, and A$217.8m of the A$545m in sugar. In return, Australia took more of its electrical machinery (A$329.7m) transport equipment (A$620.5m) and textiles (A$152.9m) from Japan than from any other supplier, and

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ues

A variety of setbacks

MR MALCOLM FRASER'S Government has of late received a number of rebuffs in foreign policy that would be wounding to any administration. The Prime Minister went to Washington in the summer expecting to take up with President Carter Australia's grievances over trade issues only to find that the President had no time to see him.

Australia's demands for greater access to EEC markets for meat and dairy produce lay for months before the Commission with scant attention being paid them. Mr. Doug Anthony, the deputy Prime Minister, has talked of "a special relationship" with Japan, which is heavily dependent on Australia for iron ore and coal supplies—but the Japanese have made clear in their tough attitude over renegotiating iron ore and sugar contracts and in diversifying their supplies of raw materials that they see little that is special about Australia.

Both Mr. Fraser and Mr. Andrew Peacock, the Foreign Minister, have been assiduous in wooing the five-state Association of South East Asian Nations (ASEAN) as an important regional grouping on Australia's doorstep—but have been met with suspicion because of Australia's protectionist policies towards imports from South East Asia and the Far East.

Blunt

These misunderstandings are in part the result of the personal style of Mr. Fraser himself, who in foreign policy has often adopted the same blunt approach that has served him well at home. There are some hopeful signs that he has taken on board that foreign governments respond to differing handling. In the case of South East Asia they also reflect an exaggerated view of the size of the Australian market and Australian power that dates from the post-war period when Australia was still an important factor in bolstering the security of Malaya and Singapore.

But the misunderstandings also reflect continuing uncertainty within Australia about how to balance the old traditional ties of Europe and the United States against the recognition that geographically Australia is more closely bound to Asia. A major legacy of Gough Whitlam's premiership was to break the umbilical cord that made Australia too subservient to the United States, particularly over Vietnam—in foreign and defence policy, and to seek to draw Australia into the orbit of Asian states. There thus followed the recognition of China and the Basic Treaty of Friendship and Co-operation with Japan—important at least in marking a symbolic shift away from old ideological and cultural fears about the threat of the "yellow peril."

Mr. Fraser's emotional ties, like those of almost all Australians, are first towards Europe and the United States. It is obviously hurtful to him that both the U.S. and the EEC show less interest in Australia than in the past, though this could change once demand for Australia's coal and uranium grows in an energy-hungry world. But at the same time, in spite of his earlier hostility to it, he has carried forward Mr. Whitlam's policies in Asia.

Changing

The difficulty is that, although Australian attitudes to Asia have changed, Asia has been changing faster still. It has clearly come as a shock to many Australians — including some ministers—to see the speed at which the economies of the Far East and South East Asia have been growing recently and the pace at which their industries have been absorbing new technology. This has highlighted the inefficiency of much of Australia's manufacturing sector and undermined familiar arguments that the competitiveness of Asian industry is based on cheap labour. It has also rendered inappropriate some of Australia's existing aid policies to the region, which smack of patronising attitudes now out of place.

Neither Mr. Fraser's Government nor public opinion in Australia has come to grips with this situation. Some ministers talk privately of the danger of Australia finding itself out on a limb in Asia — a white imperial outpost—and of the need for new trading and industrial policies that will face up to the growing strength of several Asian economies. Individual industries have entered into joint ventures in the Far East and South East Asia or are offering consultancy services—but not with the same vigour as, for instance, West Germany.

But in public both the Government and the Opposition Labour Party are far more cautious for fear that, at a time of high unemployment, a more open door policy towards Asia could further exacerbate racial tensions. How short the fuse is has been demonstrated by the periodic outbursts of popular anger at the arrival of boat refugees from Vietnam. To extremists they seem an omen of larger invasions from Asia across Australia's wide spaces.

The problems of coming to terms with Australia's neighbours in Asia have undoubtedly been made more difficult by the uncertainties surrounding China's re-emergence as a major power in the region and the rivalry for influence in Indo-china embroiling Vietnam and the ASEAN states as well as the Soviet Union.

Inevitably it has been Mr. Fraser's barn-storming trips through Europe, the U.S. and South East Asia that have most strongly established the image of his Government's foreign policy. Partly because of politicking within the cabinet, Mr. Peacock has played a quieter role. One of the most thoughtful of Mr. Fraser's ministers, he has tried to establish a distinctive identity for Australia abroad as a nation bridging the gap between the industrialised and developing nations. He attaches much importance to the North-South dialogue and brought the Government round to active support of the proposed Common Fund for stabilising commodity prices.

This stance, however, of pinning Australia's flag to the Third World, is as puzzling to many Australians as it is viewed cynically in Europe or the U.S. By the same token it is much welcomed among developing nations as bringing to their support an influential producer of primary products.

Mr. Peacock is also one of the few ministers willing to stick his neck out on the dangers to Australian industry of falling behind fast-growing nations in Asia, such as Korea and Taiwan. He has called for policies that will help the restructuring of the manufacturing sector to meet the challenge from Asia and warned that Australia will be making a "grievous error" if it simply regards ASEAN "as a collection of developing countries who require development assistance."

Matched

Uncertainties over foreign policy are matched by similar uncertainties over defence. In the event of a global conflict Australia sees its security as firmly tied to the United States, both through the ANZUS treaty and through the U.S. defence installations in Australia used for monitoring Russian satellite, aircraft and naval activity.

Beyond that doomsday scenario, however, there has been indecision in defence policy since the fall of Vietnam over what type of threat Australia should be guarding against in the future and what type of forces it needs. This indecision has been reflected in the stagnation over the defence budget in the last two years and the postponement of a choice of fighter aircraft to replace the Mirage force.

The armed forces seem reluctant to get drawn into the type of patrolling activity against illegal immigrants, drug smugglers and violation of Australia's fishing waters by foreign vessels that would seem both a necessary and obvious extension of their role.

But they would certainly be called on to protect the offshore installations that would be established with the development of the North West Shelf.

If external threat there is to Australia, it is most likely to come from the fragmentation of Papua New Guinea, the country's northern neighbour. This would be likely to tempt Indonesia to assert its control over PNG—a move that would be bitterly opposed in Australia as well as in PNG. The possibility of being drawn into conflict with Indonesia is what preoccupies the armed forces most. But it is still a distant prospect. After its experience in Vietnam, Australia would embark with reluctance on any military skirmish overseas.

David Housego

Australian Prime Minister Malcolm Fraser with Mr. James Callaghan in London in June. Mr. Fraser's barnstorming foreign tours have had mixed success.

[T]RADE

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...h of its requirement in non-...rical machinery (A$281m) ...chemicals (A$125.3m). Ex... to Japan totalled A$3.9bn, ...rts from it A$2.1bn.

[Im]portance

[Th]ese figures outline the im...nce of the Australia-Japan ...ng relationship and equally ...heavy concentration on ...ralian minerals exports. ...importance of long-term ...acts in this sector should ...be underestimated. Until ...tly Japanese metals pro...s have shown little interest ...investing in Australian ...g and are now moving in ...slowly. Long-term con... rather than ownership ties ...provided security of access ...rkets and supplies. More... such contracts have often ...ded the security for Aus...n borrowing to develop its ...al reserves—iron ore in ...ilbara and coal in Queens... for example, and even the A$3bn North West ...gas project is unlikely to ...head unless 20-year con... are concluded for sale of ...ed natural gas to Japan.

...its relations with the ...N countries Australia has again shown itself some... insensitive and slow to ...ciate the region as a ...tially huge market for ...ts—particularly agricul... products. The volume of ...is still relatively small. ...76-77 Australian exports to ...five ASEAN countries ...d A$771.9m and imports ...1m (against A$4bn and ...n respectively for Japan). ...e growth in inter-regional ...over the past decade has ...vigorous, albeit from a ...base—exports to Singa... have tripled, to Malaysia ...quadrupled, to Indonesia ...multiplied by 13.

...these countries indus...e they will grow as markets for iron ore, coal and energy products; as their standard of living rises they can be expected to become increasingly interested in Australian beef, wheat, wool—even in manufactured products, providing they are geared to the Asian market. But instead of moving towards complementarity in industry, which might accelerate the process, Australia retains high trade barriers against emerging ASEAN industries such as textiles and footwear, shows little interest in joint ventures in the region and appears content to let import growth lag well behind export growth, refusing to take the ASEAN complaints seriously.

They don't complain all that much now." Mr. Fraser told the Financial Times recently. "They complain most when the free trade Press in this country write editorials about how bad we are, and say 'Well, if an Australian editorial says that, then it must be true.'"

Complacency

How long Australia can afford its present complacency may depend on how far it is prepared to see its living standards fall. Government economic strategy currently appears aimed at getting the country into shape for the next minerals boom, whenever that may be.

But Australia, though more fortunate than most in its minerals resources, does not have a monopoly of them. If it wants to sell more, it will have to buy more from its customers. Many Australian manufacturers—and the politicians they elect—still cling to the idea of near self-sufficiency in industries in which they lost the ability to compete years ago. Breaking down parochial protectionist attitudes may prove much harder than beating inflation.

M.v.H.

Jobs under threat

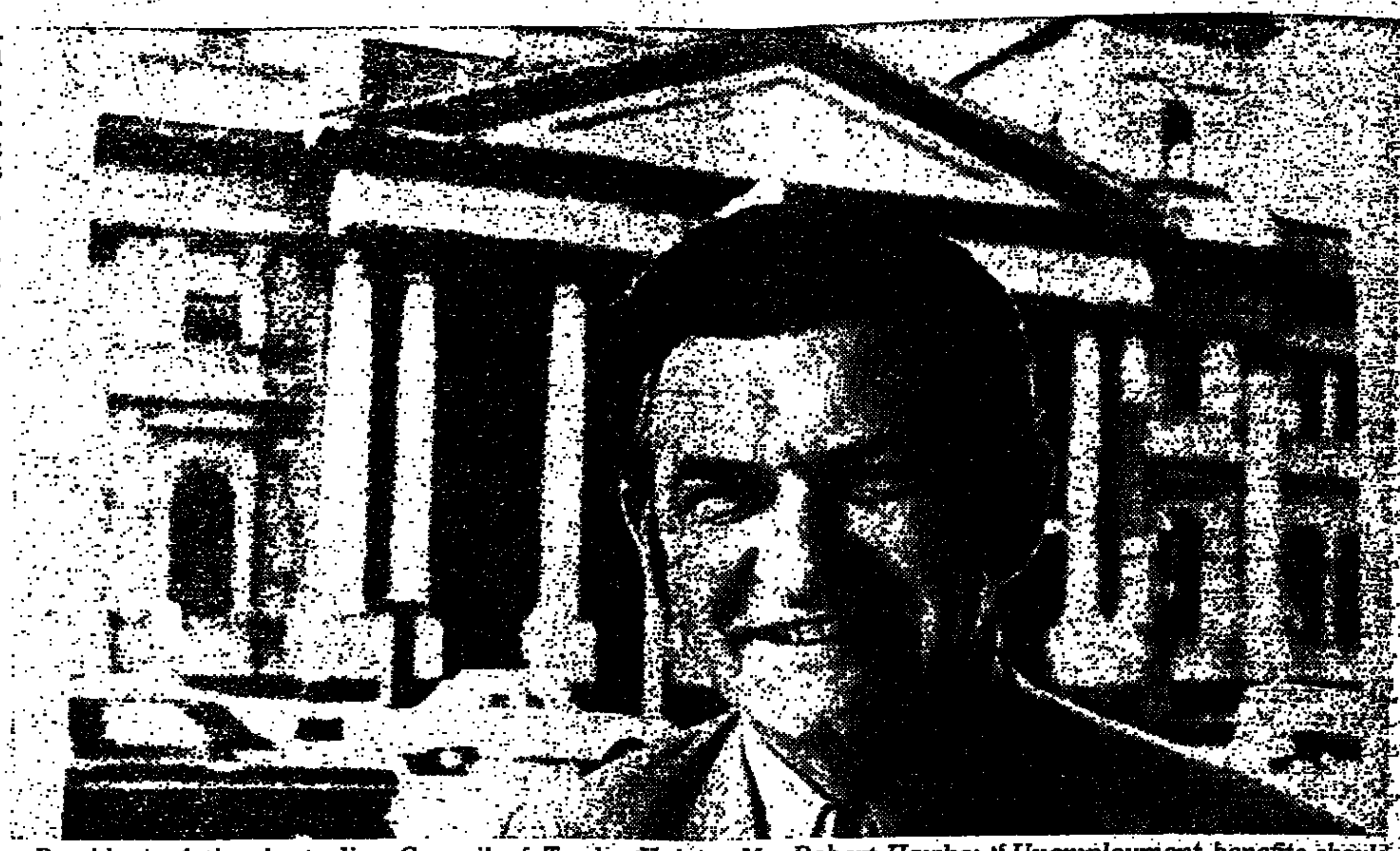
LAST MONTH Australia experienced its first major industrial dispute over new technology. Telecommunications were thrown into chaos for four weeks while the 26,000-strong Australian Telecommunications Employees Association (ATEA) battled with Telecom, its employer, and the Government, which threatened to deregister it, over a A$2bn plan to computerise the telephone exchange system. The dispute has been patched up sufficiently to restore order to telephone and Telex lines, but the wider problem of automation is no nearer solution.

The conflicting pressures of unemployment and the need for greater efficiency in industry and services are forcing the Australian union movement into a radical review of its past attitudes.

The post-oil crisis recession has brought a series of fundamental changes to the structure of labour in Australia. In the three years to 1974 the growth in employment was sufficient to absorb a 152,000 annual increase in the workforce, despite a gradual shift from manufacturing industry into services. Manufacturing generated 10,800 more jobs a year in this period against an average 24,000 a year over the previous *five years* but this decline was more than offset by increases in community services (36,500 more jobs a year), wholesale and retail trades (36,400), finance (13,200) and public administration (11,400).

The following three years saw a marked contraction and despite a sharp cutback in immigrant intake the workforce continued to grow by around 100,000 a year and unemployment began to soar. In 1974-77 manufacturing shed around 60,000 jobs a year, construction around 15,000 and transport 2,000, while jobs in service *industries continued to rise at* their previous rate or slightly less. Unemployment, after hovering between 1 and 1.5 per cent for several decades, reached 4.5 per cent in November 1976. By February this year it had topped 7.4 per cent, 477,000 jobless. The years 1974-77 saw a marked shift from full-time to part-time employment. Full-time jobs showed a net drop of 41,000 while part-time jobs rose by 176,000 to make up 14 per cent of all employment.

Prospects for a sharp reversal of these trends in the next year or so appear minimal. Government estimates foresee an *annual increase in the workforce* of around 110,000 between now and 1985. At that rate it would require a net gain of 130,000 jobs a year to get unemployment back to 4.5 per cent within five years; at this stage it is not at all clear where they are to come from.



President of the Australian Council of Trades Unions, Mr. Robert Hawke: "Unemployment benefits should equal a living wage."

The proportion of the workforce employed in manufacturing (including construction) has been declining steadily from around 30 per cent in the early sixties to just over 20 per cent in 1977. The rural workforce fell from 8 to 6 per cent of the total. Tertiary employment rose from 60 to 70 per cent. For a long time it was generally accepted that this trend would continue, and that workers laid off as the manufacturing industries became less labour-intensive would be absorbed into the service industries. But it is precisely in this sector that increasing automation threatens to cut back jobs.

The seriousness of the situation is not lost on the union movement. In the early 1970s the trade unions were actively involved in political and environmental issues. The famous "green bans" on the demolition of historic buildings aborted many a high-rise development; and the strikes associated with touring South African Rugby teams caused widespread disruption. Today the unions adopt a much lower profile; only a minority still opposes uranium mining.

Industrial action has declined markedly. In 1974 more than 2m workers were involved in a *total of 2,809 disputes at* a cost of 6.3m working days and A$128m in wages. By 1977 the number of disputes had dropped to 2,090, the number of workers involved to below 600,000 and the cost to 1.7m in working days and less than A$60,000 in wages.

But if the unions have moderated their stand, they have not yet accepted that in a shrinking labour market there should perhaps be some redistribution of labour. So far they refuse to contemplate bans on overtime, shorter working weeks and major early retirement schemes.

Mr. Robert Hawke, though, president of the Australian Council of Trades Unions, is talking along these lines. "If society cannot provide a 40-hour five-day week for all who want it, then unions, governments and employers will have to do some rethinking," he says. "There should be no difficulty here providing the discussion is honest. We face drastic problems, caused by internal and external factors, and the Governments' public exhortations that normally is just around the corner are bullshit—there is no reason to believe that there will ever again be more jobs than people."

Mr. Hawke does not reject the idea that in future Australia may have to reconcile itself to having a fairly hefty chunk of the workforce permanently on the dole if this is the necessary price of an efficient and competitive manufacturing sector, but says unemployment benefits would then have to equal living wage. "We should weighing up the relative c now," he adds, "but this G ernment hasn't the guts to that kind of sum."

Mr. Hawke's thinking may several jumps ahead of union rank and file who, concedes, "will fight like he over the loss of jobs in present employment clim However, there is a grow awareness in some of the n vulnerable unions—the Cloth Trades Union or the Veh Builders Union, for exampl that either they lose some j or they get beaten by for competition and lose ev thing. So it looks as tho the argument in future will less about the need for rest turing and technological cha and more about the degree union control over the tra tion and the nature and s of compensation.

Meanwhile, there is li reason to suppose that unions will continue to sit t and await the inevitable. N that wage indexation has b cut back to 75 per cent, t are looking for ways to re the attack on real wages, squ ing as much as they can of provisions for producti deals or anomalies. Court c are already being prepa Judging by past experie some of the more powe unions may well be justified their optimism that once a the rules will be bent in interests of peace.

M.V.

STATE/FEDERAL RELATIONS

The fighting goes on

THE PRIME MINISTER, Mr. Fraser, made two boasts after the 1978 conference between State premiers and the federal Government in June.

He said the conference had been a landmark because concessions made by the federal Government had "put at rest matters that have been in contention for a number of years."

These included issues such as control over offshore areas where, although it has been established that the federal Parliament has constitutional authority, the Fraser Government agreed to allow the States to continue to exercise their traditional administrative responsibilities. At the same time, Mr. Fraser claimed the conference was also a landmark because "we have reaffirmed the expenditure policies, the general economic policies which this Government had pursued steadfastly over the last two and a half years."

What he meant was that the federal Government had shown it still held the financial whip-hand. Despite angry protests from all premiers, even those from his own side of politics, he had imposed a tight clamp on State Government expenditure.

On one hand Mr. Fraser was rejoicing over what he likes to term "co-operative federalism," which he contrasts with the so-called "centralism" of the former Whitlam Labour Government. On the other hand, he was clearly delighted at his ability to call the financial tune as far as the States are concerned.

The Fraser Government's approach to federal-state relations is an interesting combination of principle and pragmatic politics. In 1975 the liberal-national country party coalition issued a policy document on federalism, largely put together by Mr. Fraser. It was expressed in terms of high principle, for example: "Federalism is not merely a structural concept. Its principal justification is a philosophical one. It aims to prevent dangerous concentration of power in a few hands."

In an interview two months ago, speaking about his intention to hand back to the States a number of powers the federal Government has assumed over the years, Mr. Fraser explained his motivation rather more crudely. "I can't see why the Commonwealth should be the scapegoat for all these responsibilities of the States."

Nevertheless, Mr. Fraser is a genuine federalist in the sense that he is prepared to surrender some central Government power to the States—something very few of his predecessors have been willing to even contemplate.

The founders of the Australian federation constructed a system at the end of the last century in which they believed there would be an equal balancing of the powers of the central Government and of the States. It operated from 1901 to 1942. Then, using its wartime emergency powers, the Federal Government assumed a monopoly control of income-tax. That gave Canberra a marked financial superiority over the States and enabled it to set the main lines of national policy.

Mr. Fraser wants to go some way towards restoring the balance, unlike previous Liberal Prime Ministers—Sir Robert Menzies, Harold Holt, Sir John Gorton and Sir William McMahon—who have to varying degrees paid lip-service to that kind of philosophy, but done nothing about it.

The agreement to share p with the States on offshore ters was not the federal ernment's only concession States' rights this year. other examples were a deci to consult with the States the negotiation of internati treaties that affect them an future appointments of ju to the High Court. In pu legal terms, both these ma are entirely within the fe government's constitutional sponsibility, so Mr. Fra concessions were impo breakthroughs.

But more than anything what the debate over federa and States' rights has b been about over the years is question of financial resp bility and independence.

The States gave up income taxing powers extreme reluctance 36 years The federal government ph ally seized their income departments. The States fo strongly but unsuccessfull the High Court against federal takeover. Now, u what the media refer to as "new federalism" policy, which is really a move tow partial restoration of the pre-1942 federalism. Fraser's Government has l lated to return to the S some powers over income.

And ironically the States resisting the move. Sir Ro Menzies always insisted State governments did really want to accept the p opprobrium involved in lev their own income taxes, an view is being proved right.

The Fraser federalism p came in two stages. Stage implemented during the ernment's first year in o

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A boom takes shape

NOBODY WHO has been watching the Australian petroleum industry over recent years can be surprised by the symptoms of incipient boom exemplified in the recent stock market performance of oil and gas stocks. What is surprising to most is that the focus has shifted—to Bass Strait and onshore rather than the North West Shelf and Exmouth Plateau, the "glamour" areas long expected to perform.

During the past month onshore oil has flowed at Boggo Creek and promising oil shows have been reported at Wackett, both in south-west Queensland. Burmah's Cooper Basin interests, mainly in the north of South Australia, have been sold to bring this large gas province under attention. At the same time Esso-BHP, a partnership that produces two-thirds of Australia's indigenous oil from Bass Strait, has defined another small field with the Seahorse well.

Seven bitter years and one oil crisis too late, federal politicians have reversed the policies that had stopped oil companies prospecting. They have bent over backwards to make exploration attractive again, starting with concessions aimed successfully at regenerating interest in North West Shelf gas development. Small onshore oil accumulations have become worth drilling again with the promise of sharply increased oil prices. Rules on overseas ownership have been relaxed, the threat of a resources tax on exceptional profits has been removed.

Attrition

So the present phase of onshore interest traces back directly to Government initiatives, just as the industry's attrition can be blamed on the damage done by administrations unwilling to free energy prices that had been depressed artificially even at the cost of stifling exploration and development. Even before Labour was voted in with plans for nationalisation, the industry was running down because discoveries had been made unprofitable. Labour was the last straw.

The sequence of events, then, has been to prime the pump first on offshore developments, with their longer lead times and fearsome cost structures. As work on these has been set in motion, the industry has lobbied successfully for concessions to be extended to onshore discoveries and the fringes of existing offshore oilfields. These secondary policies are starting to bear fruit first, mainly because it costs less in time and money to explore onshore or near established developments.

Hence Boggo Creek, Wackett and Seahorse. But different factors are involved in the Cooper Basin deal, the result of Burmah's worldwide rationalisation wedded to the financial ingenuity of Perth-based entrepreneur Mr. Alan Bond. Starting in March with his acquisition of control of Endeavour Resources, Mr. Bond is moving into the mining and oil industries with the aim of allowing foreign-owned groups to work their way into cash flow and then to buy them out. With A$36m he is buying effective control of Cooper Basin's 3,000bn cubic feet of gas and more than 300m barrels of liquids in fields linked by gas pipelines to Sydney and Adelaide, and with prospects of moving into petrochemicals.

The focus returns offshore again over the next few weeks when the Northern Territory allocates what are likely to be the last big tracts of Australian offshore acreage. Several companies with recent North Sea cash flows are involved, usually working in partnership with small Australian groups seeking a place in the oil business.

But all these will be merely supporting acts to what is ahead (if all goes according to plan) off the West Coast. Here it is necessary to segregate carefully the facts from the hopes, especially considering how long the hopes have been around, gathering stature.

There are three trains of activity: work for natural gas development, conventional exploration mainly on the North West Shelf and unconventional exploration beyond the shelf on Exmouth Plateau.

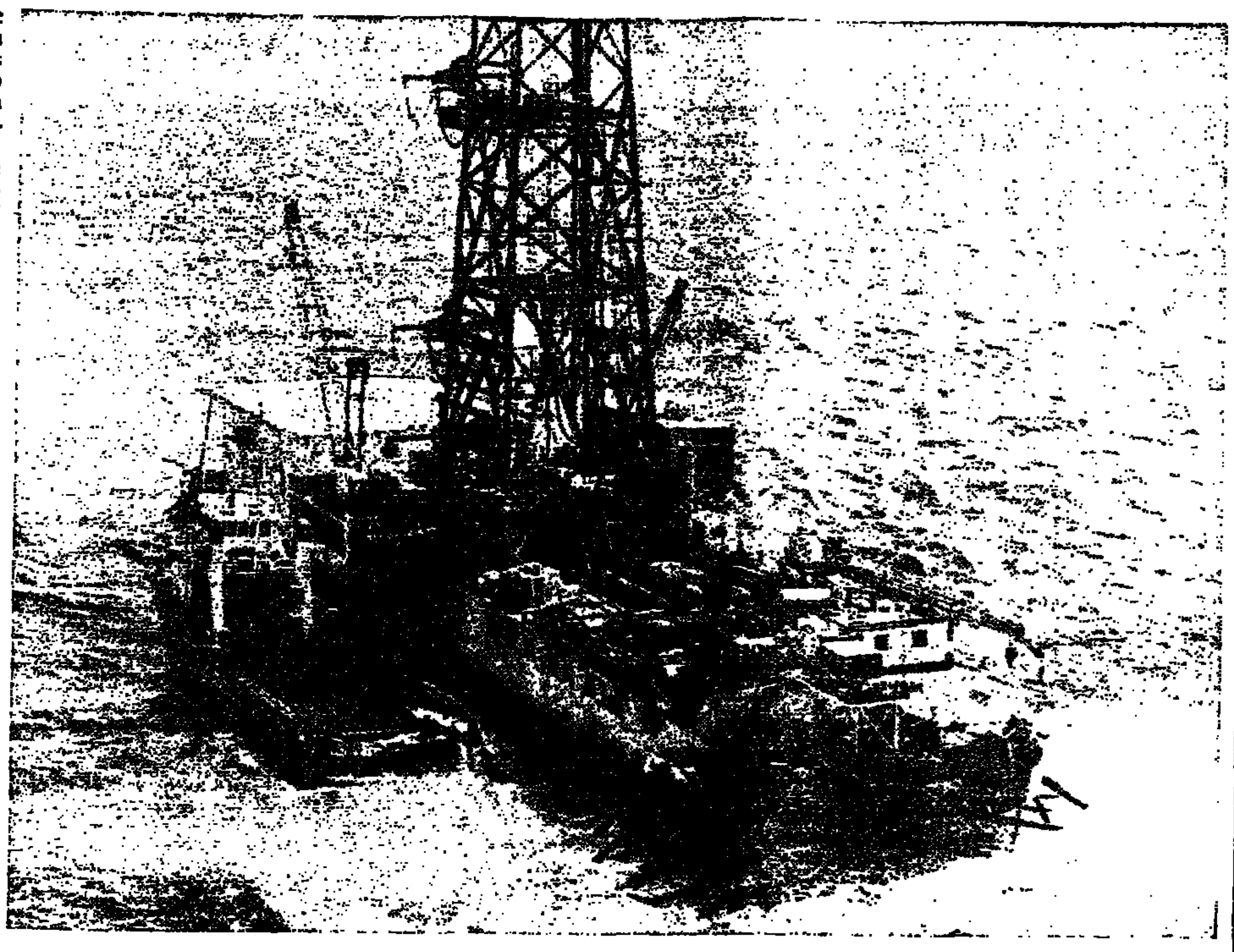
On the natural gas development project, the Woodside group started last November spending A$50m to determine the feasibility of taking the gas ashore for liquefaction and export as LNG (liquefied natural gas) as well as for use onshore in the nearby Pilbara and for transport 1,550 km southward to Perth. The cost estimates—if the venture goes ahead — are A$2.5-3bn, plus A$400m for the pipeline.

Conventional effort has lifted West Coast commitments from two wells and A$7.5m in 1976-1977 to 11 wells and A$24m last year and to 13 wells and A$29m in the current year for a total of 76 wells and A$250m in the six-year concession period.

Exmouth Plateau adds 34 wells and A$213.6m. This is an average of more than A$6m per well, twice the cost of conventional wells, because the Plateau is mainly in water that will fully test existing drilling technology and is deeper than anything that has produced oil. Geologists regard Exmouth as Australia's last chance for an oilfield of world significance.

The LNG project planners aim at having all data to hand by May with a decision in August on going ahead or writing off A$50m to experience. On Exmouth Plateau the Kangaroo syncline divides the relatively shallow from the deep water. Drilling has started on the "shallow" end, and dynamically positioned vessels, held in place by propellors rather than anchors, have been contracted to start work early next year in the black depths beyond.

For an area with a population of little more than 1m and only one sizeable city, Perth, the tally of committed and potential investment becomes mind-boggling—A$500m worth of oil-related work regardless, and upwards of A$2.5bn if, as is likely, the LNG project goes ahead. Another A$3bn would go on ultra-sophisticated development if the Exmouth Plateau drillers find enough oil. As Mr. Arnold Ploum, head of Woodside LNG, quipped in considering alternative plant sites, one to cost about A$50m more than the alternative: "Look after the millions and the billions will look after themselves."



Australia's oil policy has gone into reverse: companies are being encouraged to step up prospecting, foreign investment is being encouraged and the threat to profits has been removed.

Little wonder that a steady stream of oil industry people have been sniffing the wind in Perth. Service companies are establishing themselves in anticipation of business being brisk so long as Woodside does not abort the LNG scheme when its study is finished—and positively booming if Exmouth Plateau drilling comes up trumps.

Offshore, the past year has been one of preparation, prolonged by shortages of seismic surveying capacity that set back some explorers several months. As drilling starts, rigs and workboats are expected to be tight. On shore, the tempo is likely to be sustained or stepped up as more small but significant oil pools are defined and brought towards development in the healthier pricing climate.

As the mountain of data from the LNG study is brought together and dynamically positioning rigs start drilling into the immense deepwater structures of Exmouth Plateau, 1979 promises to be an extraordinarily interesting year. By mid-year, A$50m in North West Shelf feasibility work, together with the first six wells and A$35m on the Exmouth Plateau, will have gone a long way towards determining whether the West Coast is to become the hub of A$6bn or so in petroleum industry investment—or merely a candidate for a pat on the back for a brave try.

Don Lipscombe

STATE/FEDERAL RELATIONS

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gave the States a fixed percentage share of federal receipts from personal income tax. This was something for which the States had been clamouring for years, though now that reduced inflation and altered tax scales have stopped the soaring growth of income tax receipts they are rather less enthusiastic than they used to be.

Stage two was more fundamental. It involved legislation, passed earlier this year, giving each State power to levy its own income tax surcharge or grant its own income tax rebate.

Only one state leader, Western Australia's Liberal Premier Sir Charles Court, has indicated a willingness to pass complementary state legislation to enable his government to take advantage of the federal law, however. Other premiers, Labor and others, have said they will not take up the new powers Mr. Fraser has made available to them. And the Labor Party has sought to make political capital out of Fraser federalism by campaigning at state level against so-called "double taxation."

Mr. Fraser has argued that it is a basic principle of responsible government that, as far as possible, the politicians who spend public money should have the responsibility of raising it. But the situation contains some political advantages for Mr. Fraser. As he cuts back on funds for the states as part of his strategy to attack inflation by curbing spending in the public sector, he has a ready reply for premiers who complain. It can be pointed out that the power is now available for them to impose their own income tax surcharge to finance programmes and projects which they consider of high priority.

In terms of both principle and politics the new federalism has a lot going for it from the Fraser government's standpoint. At the same time, it exposes the basic hypocrisy of state complaints in the past about their lack of financial independence and flexibility.

Concessions

Perhaps surprisingly, despite Mr. Fraser's commitment to the concept of states' rights and his willingness to make concessions on machinery matters, federal-state relations have been somewhat turbulent. The most dramatic conflict has been over control of the Aboriginal communities at Mornington Island and Aurukun in North Queensland, which the Fraser government ultimately lost.

It began with an attempt by the Queensland Government to take the communities out of the control of the Uniting Church and place them under the umbrella of the State Department of Aboriginal and Islander Affairs. The Church and Aboriginal leaders protested, sought help from Canberra, and were promised by Mr. Fraser and his Aboriginal Affairs Minister, Mr. Finer, that the federal Government would guarantee them the right to control their own affairs. Federal legislation was passed guaranteeing this right on the Aurukun and Mornington Island Aboriginal reserves, but the Queensland government of Mr. John Bjelke-Petersen trumped it by abolishing the reserves.

A compromise resulted under which the two communities became municipalities—but then the State government dismissed the Aboriginal councils which were to run them and sent in its own administrator. Canberra is left licking the wounds.

The Fraser Government was also forced to give in when State governments opposed federal legislation providing for a uniform code of practice to apply to all uranium mining and other nuclear activities throughout Australia. The Premiers were angry that they had not been consulted. Faced with a united front the federal Government backed down and agreed that, for the time being, the legislation should apply only to the Northern Territory.

Mr. Fraser has his problems as far as relations with the States are concerned, and certainly the discussion over economic management which took place at the June Premiers' conference was nothing short of acrimonious. The South Australian Labor Premier, Mr. Don Dunstan, called the federal Government's spending cutbacks "a holocaust." New South Wales Labor Premier, Mr. Neville Wran, called the federal Government's approach "a very spiteful and cruel one." Victoria's Mr. Rupert Hamer, a Liberal, said the federal policy was "the most retrograde and damaging thing we could do."

But Mr. Fraser was certainly correct when he told a dinner in Darwin on September 7—the eve of the opening of the newly-self-governing Northern Territory's legislative assembly—that his Government had made in the area of federalism policy "innovations which previous federal Governments would not have dreamt of undertaking."

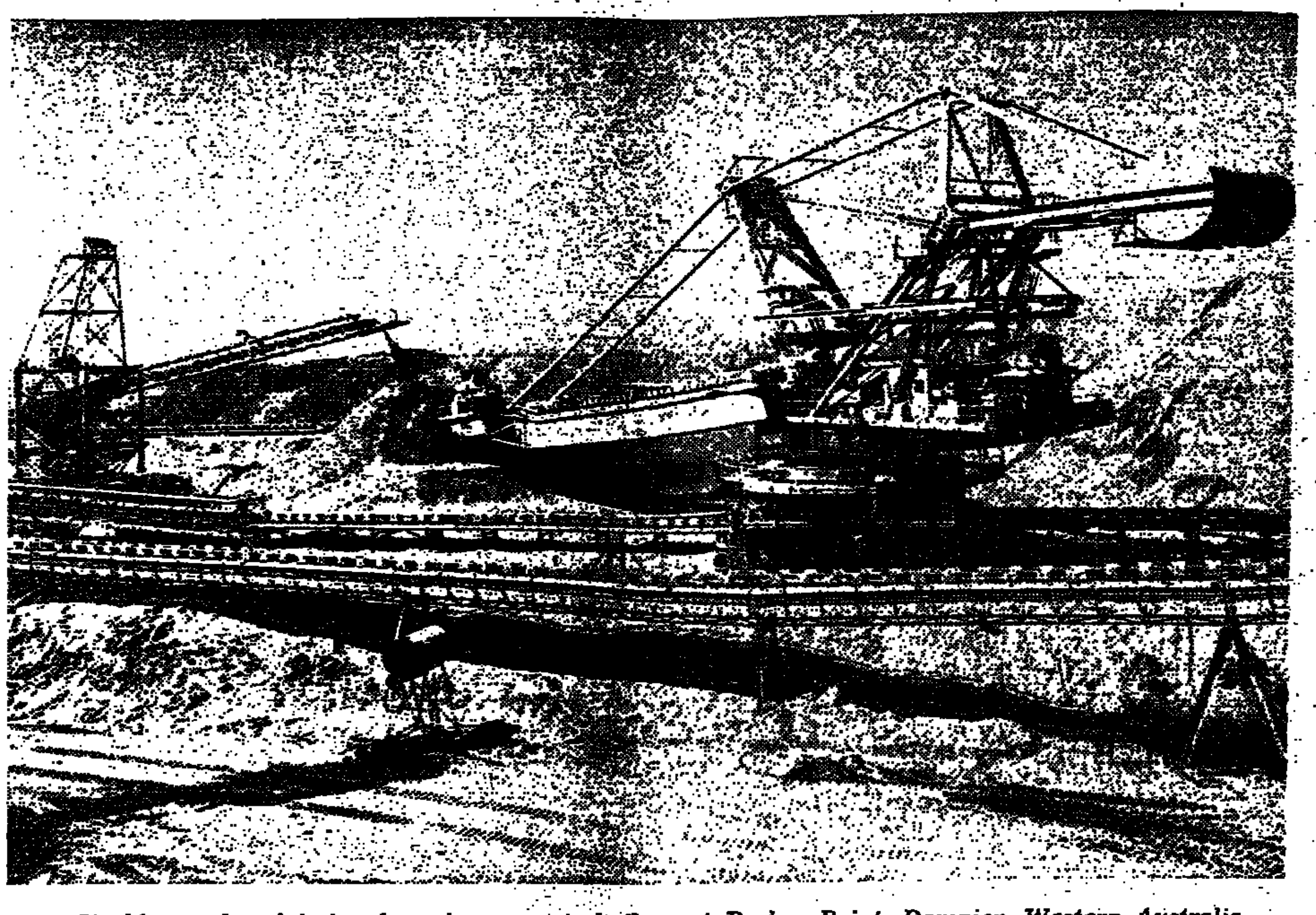
L.O.

The worst is over

AUSTRALIA'S MINERS have been through another tough year. Some, particularly the nickel miners, have been forced to close because of an all too familiar price-cost squeeze. The conservationists are lending their weight to low prices to keep potential new mines out of production. Japan's continuing steel industry recession has belatedly hit the Pilbara, its main supplier of iron ore. The overall result is a continuing shake-out.

But despite the gloom, there is evidence that the worst is well and truly past. The discovery of diamonds in the far north of Western Australia has gone a long way towards turning the industry around. Once again, more geologists are being hired than fired. Enthusiasm is in the air, nowhere more clearly than in the stock markets, weighted as they are with mining stocks.

As the traditional miners find themselves "pinned down in the pass," the "cavalry" is charging to their rescue in the form of the oil companies. This is a trend with profound long-term implications, and one that is being embraced by companies that would have been embarrassed otherwise. In this marriage of convenience, the oil companies are using their funds and technology to take the kind of counter-cyclical initiatives usually the preserve of the boldest mining entrepreneur.



Stacking and reclaiming from iron ore stockpile s at Parker Point, Dampier, Western Australia.

With Western Mining, for example, Shell had bought into the Windarra nickel discovery that made Poseidon famous before the mine was forced into a care-and-maintenance operation. In a pacemaking deal that eases the burden of development costs, Esso has become a partner in the Yeelirrie uranium project. With BP Minerals, Western Mining has made the year's best base metals strike, at Benambra in Victoria. At Olympic Dam, near Roxby Downs in South Australia, oil companies are among the groups invited to make joint venture proposals on the big copper-uranium deposit there.

While the conservationists lobby is not as demanding or effective as North America's—and is not likely to be—it remains a chronic mining problem. Despite high unemployment, the mining industry has been unable to project itself as a sector that does have jobs to offer and does not intend to pollute the environment. It still reacts as if all conservationists were subversives, with the result that it is the minority who are continuing to win the battle for hearts and minds.

In the remote Alligator River uranium prospects of the Northern Territory, innumerable strands of concern for the environment and its aborigines have kept this Gulliver pinned down for months—to the considerable frustration of governments and bewilderment of investors who had hoped for things to snap into place as they did in the last mining boom. In mining clubs they laugh wryly over a good-news-bad-news story: the good news for the Israelites is that the Lord will part the waters of the Dead Sea to permit their escape. The bad news is that they must first prepare an environmental-impact statement.

In Perth this year environtalism came to town. Western Australia, an area addicted to growth, has three main projects going for it—natural gas development and two new alumina refineries. There is no justification for bringing the natural gas to Perth without new customers, of which Alcoa's refinery will be the biggest. And alumina needs new bauxite mines to provide feedstock.

After Perth's second successive drought forced the toughest water restrictions the city has faced, scientists brought forward evidence that bauxite mining was making the dams progressively more salty. The anti-bauxite crusade became more widespread, and nearly as vehement as the anti-uranium campaign that had preceded it.

Had it succeeded, it would have not only stopped bauxite mining but delayed or stopped nearly all the State's economic growth. Indeed many enjoying the comfortable lifestyle that had resulted from the previous growth phase found themselves part of the no-growth set. Legislation clearing the way for bauxite mining was pushed through in a close vote, although the Worsley and Wagerup alumina refineries' environmental impact statements are yet to clear the last debating hurdle. Clearly the days of mining with no questions asked are ended.

Iron's problems are different. Mt. Newman, Hamersley and Robe River are still working on expanded capacities in anticipation of more orders, but the Japanese steel cartel has negotiated prices and tonnages below those originally contracted. Goldsworthy, the original Pilbara exporter, faces closure after its present deposits are mined out. Efforts to win contracts for its "Mining Area C" deposits, which would have provided continuity, have not succeeded.

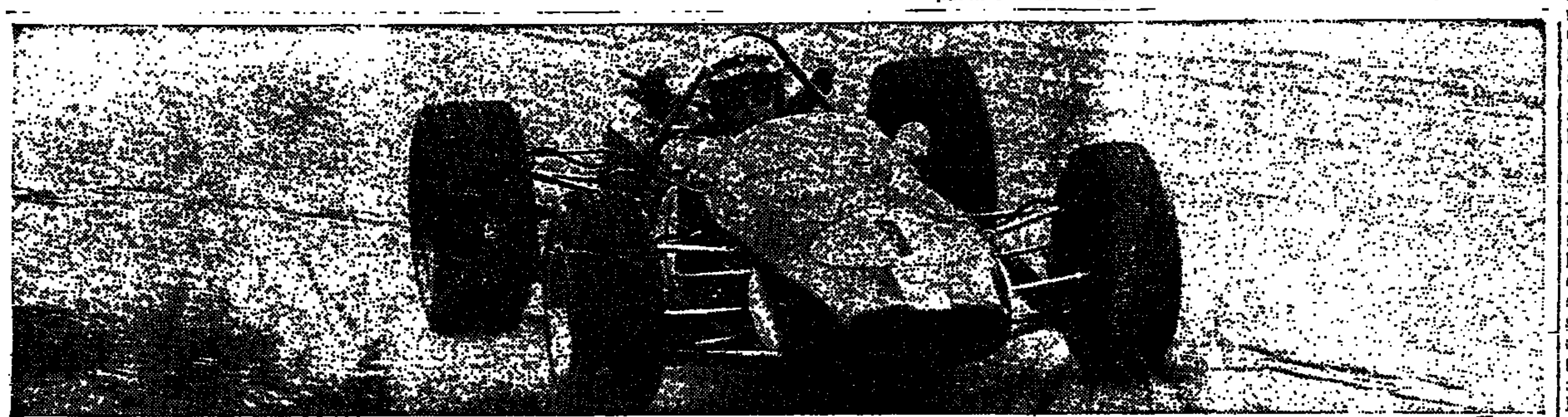
Taking the long view, however, things look better. The Pilbara has become the free world's major source and main exporter of iron, although the first ore was not mined until 1968. Industrial disputes have eased as a result of the economic downturn. Companies are undergoing management reorganisation. The policy of reliance on Japan is being urgently questioned, and promising new markets are opening up in places like South Korea and China. Sir Charles Court, Western Australia's Premier, is one who bel[ieves] that painful though the s[hake-]out is proving, it will con[tinue to] be regarded as a blessin[g in] disguise.

Meanwhile diamonds provided the element of [un]hibited optimism that mining industry, and the markets, have lacked. Alth[ough] De Beers has been prospe[cting] for diamonds in Australi[a for] 10 years, the boom began this year after diamonds found by the Ashton joint [ven]ture — operator Co[nzinc] Riotinto of Australia, Malaysia Mining Corpor[ation], "Sibeka" (Société d'Entre[prise] et d'Investissements), T[a]nyika Holdings and Nor[thern] Mining Corporation.

Only this month the [group] announced that its first testing had recovered dian[monds] from Kimberlites. While [this] did not impress the [stock] market, inflated by hopes [of a] gem-grade bonanza, the fin[d] excited geologists who lo[ok to] an ongoing exploration over many years in many [Aus]tralian locations.

Another less newsworthy [trend] is grinding its way throug[h gov]ernment bureaucracies—e[fforts] to trim costs by clearin[g the] way for government autho[rities] to borrow overseas at commercial rates for m[ining] infrastructure. If the la[test] new mining inves[tment] produces the shortages and metal prices that many pr[edict], established Australian have plenty of profitable to take up before they ne[ed to] expand. With an eye to th[e] 1980s, and the normal te[n-year] lead-time between discover[y and] production, mining house[s and] their new partners from t[he oil] industry are slowly steppi[ng up] their activity in the fiel[d] around Australia.

Don Lipsco[mbe]



COAL

New impetus to growth

THE DAYS when Australia rode on the sheep's back came to an abrupt ending last year when the nation's export earnings from coal surpassed wool for the first time. Coupled with the growth in iron ore receipts over the past five years, the rapidly expanding Australian coal industry has provided the impetus to the country's continued export earnings growth in a time of rural recession.

Between 1973-74 and 1977 the value of Australia's coal exports more than trebled from A\$352m to A\$1.3bn, and the rise accounted for 30 per cent of the total increase in export receipts over the period.

The rise partly reflected the improvement in coal prices over the period and partly the continued expansion in coal output. Reflecting the downturn in the world steel industry, however, the pace of development of new mines and expansion of existing operations has slowed in recent years.

But there is now a considerable amount of evidence to suggest that this slack period has passed and that the Australian coal industry has entered a new development era, which promises to overshadow the dazzling performance of the late 1960s and early 1970s.

Projects

Three major new projects involving capital expenditure of more than A\$600m have been launched over the past year, and at least ten more are on the drawing boards down the east coast of Australia. Together with the expansion of existing operations, these new projects are likely to enable Australia to more than double exports to over 70m tonnes a year and secure its position as a major force in international coal trade.

As the third largest exporter behind the U.S. and Poland, Australia has already secured a powerful position in the world scene. Australian exports are now running at around 35m tonnes a year, compared [with] Polish exports of 40m t[onnes] and U.S. exports of 54m t[onnes].

Almost all of Australia' [coal] exports have until recently [been] in the form of metallu[rgical] coal for the steel industr[y, but] the emerging interna[tional] steaming coal market has [opened] the way for development [of a] second front. From vi[rtually] nothing a few years [ago,] Australian steaming coa[l ex]ports are projected to ri[se] up to 20m tonnes over th[e] decade. With almost [...] tonnes of coal, much of [which] is easily won by op[en-cut] mining methods, the de[velop]ment is limited more by m[arket] opportunities than by any [other] factor.

Australia's potential i[n this] regard has been recognis[ed by] the major internationa[l oil] companies, which over th[e past] year have moved strongl[y into] the Australian coal ind[ustry.] Exxon, Shell, Atlantic Ric[hfield] and British Petroleum ha[ve] secured strategic coal ho[ldings]

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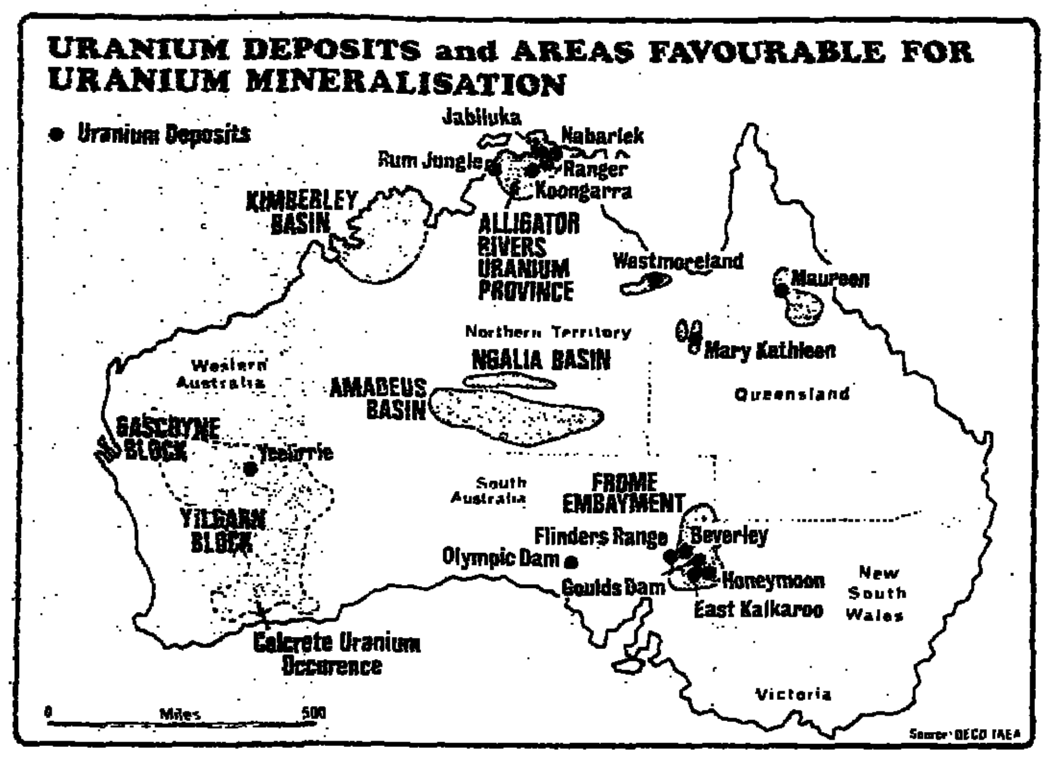
Long battle to win support

THERE HAS never been any doubt about the strength of the present Australian Government's commitment to the development of a uranium industry. If it is accused of slow and tortuous progress towards such development, then it can retort that it is the task of governments to reconcile minorities.

It was one thing for Mr. Douglas Anthony, the Deputy Prime Minister to say: "Australia's policy is based squarely on our recognition of Australia's obligations as a country well endowed with energy resources to make those resources available to other countries."

It was another thing altogether to win the support of groups as varied as the Friends of the Earth, the trades unions, the left wing of the Australian Labor Party, advocates of a no-growth economic policy, those concerned about nuclear non-proliferation and the Aboriginals of the Northern Territory for such a view.

While doubtless the lengthy and rancorous internal debates of the last five years will be forgotten when the revenue starts ringing in the tills in 1981-82, it remains true that there is a substantial minority opposed to the mining and export of uranium. The Sydney Morning Herald published an opinion poll last May showing that 40 per cent of Australians were against mining and export, while 53 per cent were in favour.



Decisive

Retrospectively it is now clear that two events were decisive in bringing the Australian Government to the present stage, where mining development is about to start. (Arguably, the recent travails of the Northern Land Council, a statutory body representing Northern Territory Aboriginals, about the Ranger project agreement are a last throw of the opposition dice.)

The first event was the publication of the Ranger Uranium Environmental Enquiry Report in two stages—the Fox Commission's report. The Commission had been established by Mr. Gough Whitlam's Labor Government and started work in 1975. It was set up because the Whitlam Government was politically harassed and was looking for a uranium development policy which did not put it at odds with its own supporters.

The Fox Commission, with a series of detailed and interlocking proposals covering the domestic conditions for mining, the care of the Aboriginals and the outlines of a sales policy to prevent proliferation, provided the present Liberal-Country Government with a way forward. It had something for everybody.

Last year, therefore, the Government was able to commit itself to a development policy based on the Fox Commission's recommendations. And it was able to execute the policy with some confidence because of the second of the two decisive events.

This was its convincing win in the general election of December last year. The uranium issue did not emerge as an electoral factor of significance. The political opposition to development had been effectively blunted.

All these manoeuvrings have been watched with some bemusement by the international nuclear industry. Not only does Australia hold some 20 per cent of the world's uranium reserves, but many of these reserves are of high grade and easy to mine. Demand projections have emphasised the necessity of bringing the uranium to market.

"Beyond 1985, increasing importance must be placed on production in countries which have not heretofore provided substantial supplies of uranium, and additional resources must be identified wherever possible," said a December, 1977, report by the OECD Nuclear Energy Agency and the International Atomic Energy Agency.

It will indeed be in the mid-1980s that Australian uranium becomes available in substantial quantities. And, ironically, the very intensity of the internal debate about development may well have saved the Australian mining groups from bringing their product to market at a time when prices have reached a plateau.

The scaling down of forecasts for the building of nuclear power stations has led to the accepted wisdom in the uranium industry that nuclear fuel prices could go down in the face of a short-term surplus over the next few years. But this, it is thought, will be followed by a shortage as restrictions on nuclear reactor sales are eased.

On the basis of predictions made by potential Australian producers, industry estimates are that Australian output will build up from about 4,600 tonnes in 1982 as the first Northern Territory mines come on stream to 20,500 tonnes by 1986 and 1987. Such figures would give Australia about 20 per cent of the market outside the Communist countries.

Certainly there is no shortage of potential customers in North America, the Far East and Europe. But Australian uranium will not be easily bought. The Government has enunciated a policy of strict safeguards, roughly akin to those put in place by the U.S. and Canadian Governments.

In the first place there will be no sales without a bilateral safeguards agreement to ensure that the uranium will be used only for peaceful purposes, that the uranium will not be transferred to a third party, or enriched beyond a certain level, or used for re-processing. Until the uranium has passed into the orbit of the safeguards system run by the International Atomic Energy Agency, Australia will maintain its title to the uranium.

Farflung negotiations have taken place with interested countries. An agreement has been signed with Finland and others are likely to be signed later with Euratom, representing the EEC countries, the U.S., Japan, Iran, Korea and the Philippines.

As negotiations on the conditions governing sales have continued, so has international interest built up in the financing of the uranium deposits. It has been suggested within Australia that over 100 financial institutions have offered loans for the development of the Ranger deposit.

The Ranger deposit has a special significance in the development of the industry. This is not only because of the Government's involvement through the Atomic Energy Commission in a joint venture with Peko-Wallsend and EZ Industries, but also because it is the only new project which has so far received authority to negotiate sales contracts.

Parlous

No new contracts have been signed since before the internal debate started in 1972. There is, indeed, only one operating uranium mine in the country and that is in a parlous financial position. It is Mary Kathleen, a unit of the Rio Tinto-Zinc group.

Ranger is one of four so far identified deposits in the Northern Territory. Site construction will start this year following the agreement negotiated by the Government with the Northern Land Council. This agreement covers the environmental aspects of development and provides for the companies to pay a royalty of 4.25 per cent of operating profits to the Aboriginals. This agreement is commonly accepted as establishing a pattern for other potential producers.

These are the Pancontinental Mining-Getty Oil consortium, which holds Jabiluka, the world's largest known uranium deposit, Queensland Mines, which owns Nabarlek, and Noranda Australia, a subsidiary of the Canadian minerals group, which owns Koongarra.

The smallest of the deposits is Nabarlek, which could be brought to production within 18 months of a start to mine construction. Ranger's construction period is likely to last three years, and when it comes on stream its production at 3,000 tonnes of uranium a year will be about three times as large as Nabarlek's. Pancontinental is hoping to start production next year with a view to production in 1982 at the rate of 3,000 tonnes, building up to 9,000 tonnes by the second half of the 1980s. Koongarra is not expected to start until about 1985.

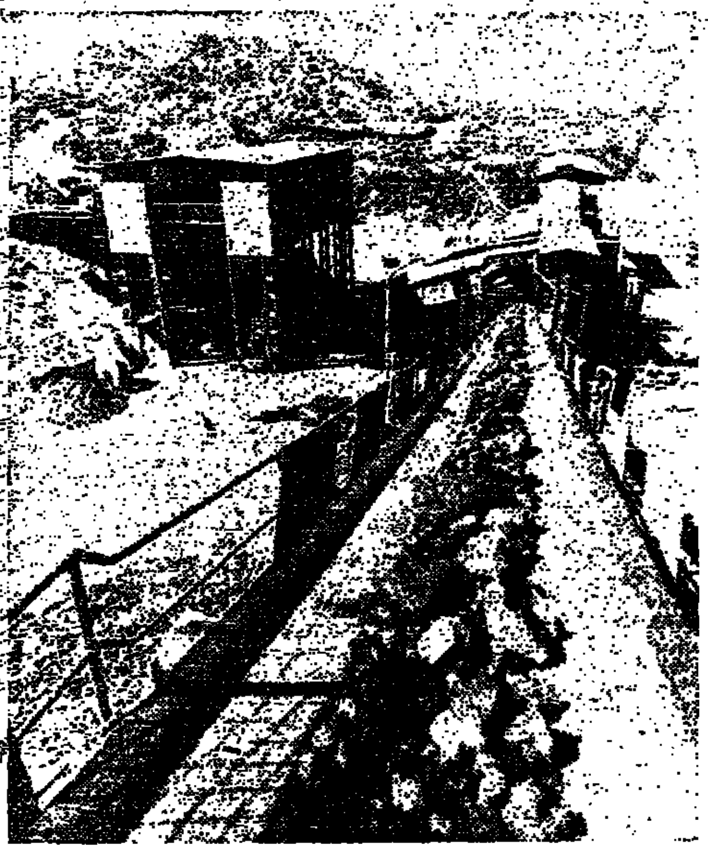
These four mines will be the nucleus of the Australian uranium industry, at least in its early phases. At present the total reserves of the country, measured, indicated and inferred, are about 400,000 tonnes, but 350,000 tonnes of this total are in the Alligator Rivers Region, to the east of Darwin in the Northern Territory.

However, exploration for uranium in Australia is really only in its early stages, and even the development area at Ranger has not been fully defined. There will be more discoveries, enhancing Australia's international importance.

Outside the Northern Territory, the most significant deposit in terms of development within the next few years is Yeelirrie, owned by Western Mining Corporation. Subject to successful pilot tests, production could start in about 1984 at the rate of 1,250 tonnes a year and rapidly doubling.

Although it will be the companies who will run the mines and find new deposits, they will be closely controlled by the the Australian Government, just as the Fox Commission recommended. The Government will be able to call a halt to an operation if environmental conditions are neglected, for example. It is the Government which provides the authority to mine and oversees the sales contracts. And it is the Government which has decided that domestic equity in uranium mining developments should be a minimum of 75 per cent.

Paul Cheeseright



A crushed ore conveyor at Mary Kathleen Uranium mine.

COAL

CONTINUED FROM PREVIOUS PAGE

in Australia in the last 18 months. Other organisations, such as the British National Coal Board, have also gained entry. The National Coal Board has secured a 20 per cent interest in the German Creek deposits in Queensland, which has an estimated 337m tonnes of coking coal reserves. This deposit is located in Queensland's Bowen Basin, which has been the main centre of coal development in Australia. The German Creek partners are looking to establish a 3m tonnes a year mine which would be both an open-cut and underground operation.

Planned

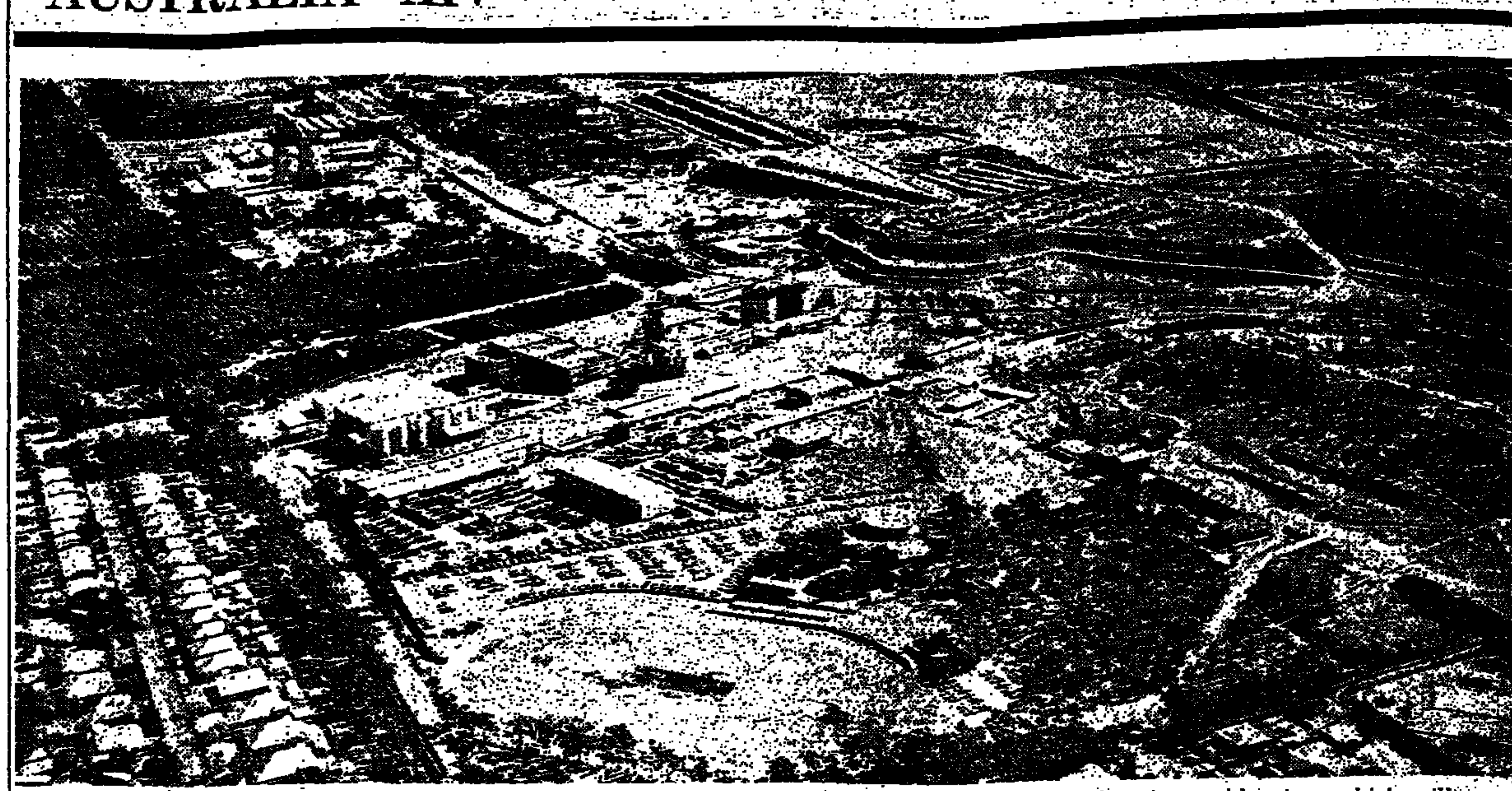
Elsewhere in the Bowen Basin two new developments are well-advanced which will boost capacity by 7m tonnes a year. Another four, including those at German Creek, are planned. These include the Oaky Creek deposit where a 3m tonnes a year mine is planned by a partnership comprising the U.S. group, Houston Oil and Minerals, and the local group, R. W. Miller; the Hail Creek development, which will be a 3m tonne a year operation run by Exxon, CSR and Japanese interests; and the NEBO development of a group known as Thiess Dampier Mitsui, which includes two local companies, Thiess Holdings and Broken Hill Proprietary.

In the State of New South Wales most of the recent development activity has centred in the Upper Hunter Valley region north of Sydney, where enormous reserves have recently been found. This is sometimes referred to as the Warkworth area and at least four new soft-coking coal-steaming coal mines are planned for the vicinity.

The attraction of this area is that unlike the Queensland deposits in the Bowen Basin, they are located relatively close to the port of Newcastle where established infrastructure exists.

Looking to the medium-term, Australia's coal reserves offer the potential for coal liquefication and the federal Government is already spending millions of dollars each year on research into this area. But even without expenditure in this area, capital expenditure in the development of coking coal and steaming coal mines in Australia is likely to approach A$4bn over the next decade, which is several times that spent on establishing the existing industry.

John Byrne



Broken Hill, New South Wales, a lead and zinc mining town. Most producers are awaiting rises in world prices which will once again make production profitable.

Planning for the '80s

ON AUGUST 21 nearly 2,000 workers associated with the Mt. Lyell copper mine in Australia's island state of Tasmania breathed a sigh of relief. They had just heard that the federal Government, in a joint deal with the state government, had agreed to provide financial assistance to keep the operations going for at least another two years.

The workers were not the only ones expressing relief at the A$7.6m decision. The Federal Government, after providing a subsidy to the mine on a dollar-for-dollar basis, while it made up its mind, had cut across a stated austerity campaign to keep the mine afloat. But the price seemed right and those 2,000 jobs saved a 16 per cent rise in the State's unemployment rolls.

The people who seemed least affected were the ones who had most to lose, the directors of Consolidated Gold Fields of Australia, parent of Mt. Lyell. They had seen their best efforts to keep the mine in the black—cost-cutting programmes including retrenchments, adoption of advanced technology and modern mining techniques—go for nothing as the steadily falling world copper price pushed the operation deeper into the red.

And closure of Mt Lyell would have been a particularly bitter pill to swallow following the close down at CGFA's Gunpowder mine in North Queensland only two years earlier.

The basis for the Mt Lyell decision has important implications for the rest of Australia's base metal miners, all of whom have had to report tales of woe to shareholders in the reporting period now drawing to a close.

Deputy Prime Minister, Mr. Anthony, said the agreement had been reached in the expectation that depressed world copper prices would return to an economic level, ensuring the future viability of Mt Lyell. The company believes the two-year breathing space will see it through to a stage where world copper prices are high enough to make the mine profitable. Reorganisation of operations already started will now be continued, and from 1980 onwards the company believes it has enough reserves to last for at least another seven years.

The company seems to be ignoring the latest little fillip in Australian copper prices — over A$100 improvement in the last three months — and be aiming for the early 1980s as a period of concerted price strength.

Australia's largest base metal group, MIM Holdings, seemed to share this outlook when reporting an 11 per cent fall in net earnings to A$39.2m in the June 30 year.

Chairman Sir James Foots told a Press conference in Brisbane that the recent upward movement in copper would be short lived and that shareholders should not expect improved results in the current year.

The latest upswing was put down to political instability in major copper-producing countries — Africa and South America — which had disrupted production and led to a short-term price rise. Overall the lower result had come about from significant declines in the prices of copper and zinc and lower sales of these metals. A buoyant market for silver and lead had a cushioning effect on profitability.

The Conzinc Riotinto of Australia lead and zinc arm, Australian Mining and Smelting, also had no cheer for its giant parent, plunging to a A$500,000 interim loss against a profit of A$17m in the previous full year. However, it is believed that steadying lead prices and recovery in zinc will pull this international mining and smelting operation back into the black in the current half year.

But AM and S is also looking to the early 1980s for a market upswing. In July the company announced that it would spend A$11m upgrading its lead refinery at Port Pirie in South Australia and its zinc-lead refinery at Newcastle, NSW.

Directors said "the decision to spend the A$11m, made despite the depressed market conditions, confirms the confidence of AM and S and the Broken Hill Associated Smelters in the long-term benefits to be gained by investment in the Australian mining industry."

BHAS, which operates the Port Pirie refinery and smelter, is owned 70 per cent by AM and S and 30 per cent by North Broken Hill.

The aim of the Port Pirie move is to upgrade the lead content of the final product from 99.97 to 99.99 per cent—the accepted world standard and therefore acceptable to a bigger market. Both the Port Pirie and Newcastle expansions will be completed by early 1980, thus enabling the company to take advantage of any market improvement.

AM & S other expansion plans take in considerably more capital expenditure as shown by the group's recent U.S. 40m Eurodollar raising. In that prospectus the company said it planned to spend a total of A$106m over the next two years. A large part of this will go toward the cost of the new Woodlawn base metal mine near Goulburn in NSW—the only new base metal mine to see the light of day in Australia in the past few years—but it is believed more funds will be earmarked to develop and modernise the company's two mines at Broken Hill.

The Broken Hill miners also have had their share of problems with BH South's mine to the south doubling its loss at A$1.27m and North BH seeing its earnings from mine operations falling from A$4.6m to A$3.6m. BH South's 51 per cent owned Kanmantoo mine in South Australia is already on a care-and-maintenance basis.

Both companies have been relying more and more on their extensive investment portfolios to service their running costs. In fact, South's disastrous experience with phosphate mining in Queensland has forced the company to start liquidating up to A$50m of its shareholdings to keep the (takeover) wolves away from the door.

Australia's other base metal group EZ Industries—although now more in the news for its Ranger uranium interest, has yet to report for the full year to June 28, but a A$4m loss reported in the first half and overall lower zinc concentrate production for the year does not augur well. Slightly higher lead output may help here.

On the horizon a U.S. Congress-backed campaign to have quotas introduced on Australian zinc imports is also worrying the EZT board.

So apart from the Kanmantoo closure and the failure of Utah's Kapunda joint venture to go ahead—both quite small operations—the Australian base metal miners have adopted an attitude of "batten down the hatches and weather the storm" at the same time as trying to make their mines as efficient as possible so as to catch the world market on the upswing in the early 1980s.

When that happens Australia has numerous "exciting" prospects that will also be looking to carve a place for themselves in the marketplace.

Western Mining Corp.'s rich copper strike in the Snowy Mountains at Benambra made world headlines early in June when the company reported a 9.9 per cent copper intersection over 16 metres, with other assays showing 4.8 per cent zinc, 0.3 per cent lead and 38 grams per tonne of silver.

In M[illegible] the company had reported drilling which contained a 25 [illegible]etre intersection with 4.0 per cent copper, 7.3 per cent zinc, 0.5 per cent lead and 32 grams per tonne silver.

But because of the work still to be done and the rugged mountain terrain—which is snow covered during winter—the company is more anxious to try to get its massive but low-grade deposit at Roxby Downs in South Australia of the ground first. Explorato[illegible] talks have already been be[illegible] with possible joint venture partners.

A problem here is that t[illegible] deposit is a copper-uranium [illegible] and the State Labor gove[illegible]ment has come out agai[illegible] uranium mining. One moot solution is to stockpile t[illegible] uranium, but this is not thou[illegible] to be an economic answer.

While WMC tries to spr[illegible] its influence in the base me[illegible] arena, the two most likely [illegible]pansion programmes will go [illegible] two established miners in t[illegible] sector—North BH and M[illegible] Norths is trying to ascert[illegible] whether it has found an ex[illegible]sion to the Broken Hill [illegible] with its Fitzpatrick shoot [illegible] find that is certain to bre[illegible] new life into Broken Hill in [illegible] early 1980s. Up at Mt. Isa, M[illegible] has part of a new mine alre[illegible] built at Hilton, 20 km north [illegible] the original mine, but work [illegible] virtually stopped as the c[illegible]pany waits for prices to [illegible]prove.

The silver, lead and [illegible] deposit already boasts [illegible]tralia's biggest mine shaft [illegible] more than 1,000 metres deep [illegible] eight metres in diame[illegible] Extraction methods are [illegible] being studied, for the depos[illegible] more complex than that at [illegible] Isa. But if the economics [illegible] be worked out, Hilton is odd[illegible] to be one of the first new m[illegible] in the world queue.

In the background the c[illegible]pany is still testing its g[illegible] McArthur River base m[illegible] deposit in the North[illegible] Territory.

Other possible mines are [illegible] at Elura, near Cobar in cen[illegible] NSW, where EZI is lea[illegible] investigations into a lead-[illegible] deposit. EZI is also invo[illegible] along with Amax Explora[illegible] in exploring a promising co[illegible] deposit at Golden Grove [illegible] Western Australia. Work for [illegible] moment has stopped pendin[illegible] improvement in the co[illegible] price.

As mentioned above the [illegible] new mine is the rich Woodl[illegible] deposit in NSW, where part[illegible] AM and S, St. Joe Mine[illegible] Corporation, Phelps Dodge C[illegible] have spent A$75m on the [illegible] copper-lead-silver venture. [illegible] mine went on to an opera[illegible] basis earlier this year. Goin[illegible] the plans of Australia's o[illegible] base metal groups, they [illegible] not have much competition [illegible] some time.

Roger Johnst[illegible]

In need of an overhaul

AUSTRALIAN MANUFACTURERS' costs rose by an average 9.5 per cent in 1977/78, but depressed demand prevented them from passing on all of this—their own prices rose by only 8.1 per cent. Although one of the most highly protected sectors in the world, Australian manufacturing has been unable to achieve a significant increase in profitability since 1970. The corporate trading enterprise share of national disposable income fell by 2.5 per cent in the two years to June 1975 and has not changed since then.

This comes as no great surprise to anyone in Australia. It has been patently obvious for many years that the manufacturing sector is inefficient, uncompetitive and overprotected. Three years ago the Jackson Committee, in a Green Paper on development policy for manufacturing industry, reported an "acute financial crisis." It spoke of a "deep-seated and long-standing malaise in Australian manufacturing" and argued for fundamental structural changes and a gradual lowering of tariffs. Its findings were broadly supported by a subsequent White Paper which in turn led to the setting up of the Crawford Committee whose report on restructuring in industry is expected in a few months.

But in a period of continuing economic slackness, with record post-war unemployment, the prospects for any radical structural reform would appear remote, whatever the Crawford Committee may recommend. The Government, despite appearances to the contrary, says it is still committed to the principle of lower tariff and non-tariff barriers to trade, but provisions in the latest budget, raising tariffs on imports under quota by 12.5 per cent, make this sound rather hollow. So the pattern of the past five years—shrinking profits, under-utilisation of capacity, a further distortion of cost structures in relation to those of overseas competitors—seems likely to continue for some time while the reports, submissions and recommendations continue to pile up.

The damage caused by procrastination, (apart from minor structural adjustments in a few industries to camouflage the general inaction) can only increase. Australia's high trade barriers, already apparently in breach of GATT rules, are putting a heavy strain on relations not only with the EEC but more significantly with the ASEAN countries, to whose complaints Australia's leaders seem strangely deaf.

Moreover, quantitative controls, by helping domestic manufacturers to maintain price levels in some cases almost 70 per cent higher than those of foreign competitors, contribute significantly to inflation. (In 1975/76 domestic clothing manufacturers were able to maintain prices 67 per cent above duty-free import prices, footwear manufacturers enjoyed a 57 per cent margin. The tariff in these sectors were 38 and 27 per cent respectively.

According to the Industries Assistance Commission, import quotas raised domestic ex-factory prices by 21 and 24 per cent respectively, sufficient in tandem to boost the consumer price index by 2 per cent. The Commission estimates that assistance to the textiles, clothing and footwear industries in that year, in raising prices, acted as a tax on consumers and consuming industries of around A$800m—or A$200 per household.

Yet the high level of protection afforded industry does not necessarily mean high profitability many sectors receiving above average protection make below average profit. An official study of the situation in 1973/74 showed that the textiles sector, with an average rate of assistance of 38 per cent, managed a profitability (operating profit ratio to funds employed) of only 10.2 per cent: motor vehicles, with 38 per cent protection, achieved 8.9 per cent profitability: rubber products, with 32 per cent protection, 7 per cent. Since then protection has increased but profitability, it seems, has not.

Nor does protectionism preserve jobs all that effectively. Since 1970 the manufacturing sector has shed more jobs in absolute terms, and faster, than any other sector of the economy. In the two years to June 1976 employment in manufacturing declined by 4.5 per cent, a loss of 120,000 jobs compared with an overall increase in the employed workforce of 0.8 per cent, or 90,500 jobs.

Despite—or perhaps because of—overprotection, manufacturing has failed to keep pace with the rest of the economy. The "deep-seated and long-standing malaise" identified by the Jackson Committee goes beyond world economic difficulties and is likely to outlive them. Yet Government and manufacturers alike seem depressingly unable to do more than talk about a problem that has been staring them in the face for 15 years and more.

The rapid economic growth of Taiwan, South Korea, Singapore and Hong Kong, based on labour-intensive, export-orientated industries, was already well under way in the mid-sixties. Japan, faced with rising wage costs, responded quickly by scaling down many of its own labour-intensive industries and setting up offshore operations and joint ventures in those countries. Australia, where wage costs are still higher than in Japan on average and which has the added disadvantage of a domestic market too small to permit efficient production in non-exporting industries, has still not responded—except by increasing protection.

Accept

Over the past decade many have come to accept that Australia's industrial future lies in export-orientated, capital-intensive sectors such as minerals processing and production of specialised or high technology items, with a scaled down and streamlined sector producing a smaller range of machinery and consumer goods for the domestic market alongside a larger volume of permitted imports.

Many would like to see Australia shed its perhaps anachronistic concern with import substitution and develop greater complementarity with the Far East and South-East Asian region, possibly producing components for cars and electronic goods produced elsewhere. Some manufacturers have already proved their ability to compete and to develop markets in South-East Asia for highly specialised machinery, but they are a minority. Australian manufacturers in general have been slow to seek opportunities in Asian markets and there is little pressure on them to do so while the domestic market remains sealed off — only 20 per cent of the cars sold in Australia may have less than 85 per cent local content, for example.

Meanwhile one of Australia's assets — its much vaunted "highly skilled workforce"—appears to be deteriorating. Despite record unemployment, many vacancies exist for highly skilled technical jobs and education policy remains geared to producing unemployable professionals rather than skilled tradesmen or technicians. The budget for universities and colleges of advanced education is more than seven times that for technical colleges.

Government policy towards manufacturing appears loaded with contradictions, reflecting the attempts to reconcile conflicting interests. The accretion of an inefficient, over-complex structure with many small and medium producers turning out a far wider range of products than is economically feasible, is justified mainly in terms of free enterprise and employment. Yet the system is maintained by restrictive practices and supported by a 40 per cent investment allowance (recently cut back to 20 per cent) which encourages substitution of labour with machinery. The Government also discourages expansion of labour by maintaining a payroll tax.

If Australia really wants a viable manufacturing sector it will sooner or later have to fall into line with the rest of the world. The longer the delay, the more painful the transition. And if it needs a job creation programme, there must be a cheaper, less inflationary alternative.

M.v.H.

MOTORS

Saved by the Treasury

AUSTRALIA'S over-crowded automotive industry appears to have survived yet another crisis. The industry was facing crippling losses in 1978 until August when the Treasurer, Mr. Howard, noted for his stinginess, made some downright generous concessions to the nation's car makers in the August budget.

In that budget the Treasury cut the sales tax on passenger cars from 27.5 per cent to 15 per cent. At the same time, ignoring its commitments to GATT, the federal Government also increased tariffs on imported cars from 45 to 57.5 per cent, thus assuring that the bulk of any resultant sales boom would benefit local manufacturers.

Preliminary figures suggest some pickup in demand, but it is still too early to determine whether the strategy will work for Mr. Howard or the car makers.

It is obviously important for both that it does work. The industry has been choking on large deficits following a four year downturn in passenger car sales and 1½ years of serious recession throughout the industry. From 1976 to 1977 overall industry sales fell from a record 603,000 units to 563,000 and everyone was hit. General Motors-Holden's, Chrysler Australia and Nissan tumbled into the red, while Ford and Toyota (represented by Australian Motor Industries) reported reduced profits.

Hardest

Chrysler was the hardest hit. In 1977 the company, whose American parent started running into trouble again around the same time, reported a loss of A$28m, which is huge in Australian terms. Recently the company announced it had lost an additional A$14m in the six months to June 30. And following Chrysler Corporation's retreat out of the European market there seems little doubt that something will be done with the Australian operations as well.

That something will undoubtedly involve Mitsubishi of Japan. Chrysler Corporation already owns 15 per cent of Mitsubishi, and earlier this year it was announced that Mitsubishi in turn would be taking an equity interest in Chrysler's Australian operations. The move seems natural. Chrysler's biggest successes in Australia have been with its Mitsubishi-built lines, especially the Sigma.

Public acceptance of that particular vehicle has been so great that Chrysler has found it difficult to stay within the federal Government's local content requirement levels, and consequently faces the possibility of huge fines. According to Government policy an average of 85 per cent of the value of locally sold cars must be of Australian content. The best-selling Sigma line is about 60 per cent locally sourced. And because Chrysler is having trouble marketing its high content items such as the Valiant, it runs the constant threat of breaking the rules.

Chrysler and Mitsubishi returned to the negotiating table this month September. The Detroit party's job is to convince the Japanese they need to protect their strong gains in the marketplace as well as the valuable after-sales market. Mitsubishi, on the other hand, will certainly not be looking to buy into such a large loss-maker at disadvantageous terms.

Whatever compromise is reached, it will have a big impact on the rest of the industry which, like Chrysler, is engaged in a huge spending spree aimed ultimately at buying survival. Chrysler has earmarked and spent much of A$45m to modernise its facilities and bring on line its Astron four cylinder engine. The company hopes that not only will the engine meet with great critical success but that it will also go a long way to alleviating some of the pressures on its local content requirements.

At the same time, GMH, Nissan and Toyota are also at various stages of construction of their own four cylinder engine plants.

When the federal Government was formulating its plans for the industry two years back it was thought that manufacture of the smaller engines would be rationalised and concentrated at Chrysler's modern foundry at Lonsdale in South Australia. But in the end the Government avoided the question, thus pushing the price of survival in the small Australian industry even higher. Thus GHM spent some A$ 20m to convert a six cylinder plant into four cylinders by this year, and Nissan and Toyota are each spending some A$ 45m to meet their engine requirements.

And Toyota and Nissan have their own special problems. The companies had had a dream run in Australia. They foresaw Australian consumer preferences long before the American "big three" and, as importers basically, the Japanese succeeded in grabbing a 40 per cent chunk of the market.

Then, perhaps recognising the growing trend towards protectionism throughout the world, the Japanese decided to set up manufacturing facilities in the country and applied for licences shortly before the Labor Government was tipped out of power by the Governor General Sir John Kerr in November, 1975.

The Japanese were also welcomed by the incoming Liberal/Country Party coalition and were given the opportunity to work up from local content of around 60 per cent to 85 per cent by the end of 1979. When this became known the established American makers complained bitterly that the Japanese were being given concessions which would place them (the Americans) at a competitive disadvantage.

While the Japanese were building up to 85 per cent, the argument ran, they would be able to import components which were much cheaper than those manufactured in Australia because of the very obvious economies of scale available in the big Japanese market.

At the same time, although the American car makers were able to reduce their local content, from the previously required 95 per cent to 85 per cent, they had to contend with the "non-reversion" clause in the Government's plans.

This clause simply means that once a part or component is sourced within Australia it may not be sourced from overseas without Government approval. So theoretically the Americans could not simply slash their content overnight but had to get painstaking (and not automatic) approval for each item.

What most of the American manufacturers do, in fact, is to maintain a high level of content in their best selling lines (such as the GM Holden) thus allowing them to import popular selling four cylinder lines from affiliates in Japan.

Spanner

Things have never run smoothly for the Government's plans for the industry. The first spanner in the works was of the Government's own doing. When Mr Fraser devalued the Australian dollar by 17.5 per cent in November, 1976, the Japanese, among many, were astounded. Because the content plan is based on value the landed cost of the Japanese-source components soared overnight, necessitating a big and immediate jump in locally made items.

Toyota and Nissan approached Canberra and came away with some concessions as to the timetable for their rise to 85 per cent. The Americans were furious.

The sharp appreciation of the yen against the Australian dollar over the past 18 months has once again made the Japanese task almost physically impossible. They claim that they are ahead of schedule as far as the physical requirements (i.e., four-cylinder engine plants) are concerned but that they simply cannot find enough supplies within Australia in such a short time to make up for the shortfall in content needs. "Stiff luck mate," is the attitude of the Americans.

The car industry has often been thought of as a good barometer for the Australian economy, and some improvement from that quarter would give the Government and perhaps the economy a strong psychological lift. But there are some doubts that the budget strategy will work quite as well as Mr. Howard and the car industry are expecting. Even though the sales tax cut will reduce car prices by between A$500 and A$600 each, they are still extremely high priced items. And the decision to increase income-tax by 1.5 per cent could also be an inhibiting factor on spending decisions for big ticket items.

In addition the immediate switch to world import parity prices for all Australian oil will add considerably to the running cost of cars, which could act to dampen demand. But some sort of increase in sales is expected and any improvement in the employment picture for the industry will be treated as a victory by Canberra.

James MacAusland

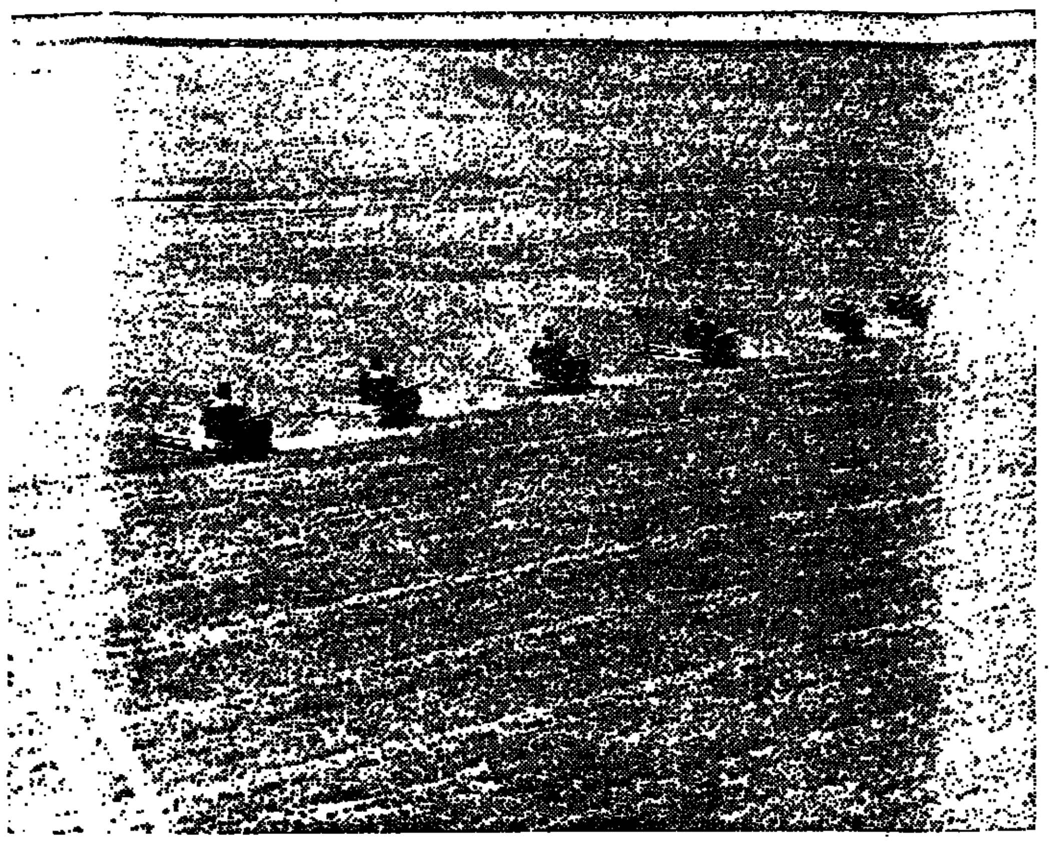
Better outlook for export sectors

ON PAPER the outlook for Australia's farmers is the brightest for some years. Real income per farm is expected to rise 31 per cent in 1978/79 and gross earnings from all the major Australian rural commodities are forecast to rise.

Farmers' terms of trade are forecast to increase, albeit marginally, for the first time in four years thanks to a combination of easing price pressure on farm inputs and improved overseas markets for major rural exports. At the same time Australia's seasonal conditions have improved markedly after widespread drought across most of the productive eastern Australia.

Admittedly the improvement in the rural economy in 1978-79 will be from a very low base. The optimistic aggregate forecasts of the Bureau of Agricultural Economics also shield the fact of continued low incomes of many farmers, particularly in the horticultural and dairy industries. The improvement in returns will be more marked in the major crop industries than in the livestock industries. Farmers in both the major livestock and crop industries are, however, likely to find their incomes improved.

Gross income from wool is forecast to rise 5.7 per cent, from cattle 3.7 per cent, sugar cane 7.9 per cent and dairy products 5 per cent. Sale prices of cattle should also rise this year, largely reflecting the additional U.S. beef import quota.



Wheat is currently Australia's second largest export earner after wool. This year's crop is expected to gross A$1.37bn, a 50 per cent rise on last year.

Australia's beef farmers have been protesting hard about the effect on their industry of the EEC's Common Agricultural Policy trade barriers.

Wheat

But the largest improvement will be in the wheat industry, currently Australia's second largest export earner after wool. This year's wheat crop is expected to reach 12.5m tonnes, compared to the drought-affected 9.3m tonnes last year. With higher yields expected and the season progressing well, gross income is expected to soar 50 per cent to A$1.37bn.

Gross farm income is forecast to rise 13 per cent to A$7.3bn with more than half of the increase coming from the wheat industry. In terms of stimulating the rural economy, with the first proceeds from this year's crop being made in advance of sale by the Australian Wheat Board to growers from early next year, the impact will be delayed.

But there will be a favourable spin-off from the higher rural incomes on industries servicing agriculture, particularly in the farm machinery sector. Confronted with high inflation and poor markets for most rural exports in recent years, Australia's farmers have tightened their belts, delaying equipment purchases and farm maintenance.

In the August budget the Fraser Government made it clear, however, that it is looking to the rural sector to provide some stimulus to Australia's depressed economy. The budget also looked to the rural sector to help shore up Australia's flagging balance of payments.

This follows continued weak demand from many of Australia's trading partners for mineral and manufactured exports, which is proving detrimental to Australia's foreign exchange reserves.

Whereas in 1950-51 agricultural exports were as much as 92 per cent of total Australian exports this proportion today has slipped back to about 47 per cent. Mining exports, a mere 4 per cent of exports in 1950-51, now account for more than 30 per cent of the total. Similarly, manufactures 3 per cent of total exports in 1950-51, are now about 20 per cent.

Within the rural component wheat will this year be important, representing 17 per cent of forecast rural export earnings. But because of shipping and other trade lags this year's bumper crop will only be partly reflected in this year's balance of payments, resulting in the situation where wheat export earnings are expected actually to fall this year.

So the Government's optimism about the rural sector's improved contribution to the external account is possibly misplaced. Indeed, the Bureau of Agricultural Economics expects rural export earnings to pick up by only one per cent in 1977-1978.

The rural sector has had to face two major developments—both outside its control—in recent years. These have formed the crux of the agro-political debate in Australia.

The first, well-known around the lobbies of the European CAP Commission in Brussels, relates to the Common Agricultural Policy of the EEC and in particular to the entry of the UK into the EEC. This has forced a dramatic change in Australia's pattern of trade.

In 1950-51 Britain took a little over 30 per cent of Australia's total exports—in 1976-77 the figure was about 5 per cent. The EEC's (excluding Britain) share has slipped from 25 per cent to about 10 per cent.

On the other hand, Japan has become Australia's largest export market—taking 35 per cent of exports in 1976-77 in contrast to less than 10 per cent in 1950-51. It is now Australia's largest market for wool, sugar and dairy products and the second largest market for beef.

But confronted with a vigorous beef farm lobby protesting at the depressed state—until this year—of their industry, the Fraser Liberal-National Country Party Government has turned its sights on the CAP's trade barriers.

Prime Minister Malcolm Fraser appointed a special Minister to stomp the EEC corridors putting Australia's case and during a European tour early this year Mr. Fraser himself put Australia's case with what Australia's diplomats in Europe viewed as over-enthusiastic vigour. With the pick-up in the rural economy it remains to be seen to what extent Mr. Fraser will continue his anti-CAP campaign.

Certainly, with the run-down in Australia's cattle herd, and producers beginning to restock, it is doubtful whether Australia could supply the EEC market next year with the sort of quantities it has asked for over the past year. But the campaign has been good politics for the Fraser Government, finding widespread support from the rural lobby.

The other major development that has been embraced by the rural lobby with considerable enthusiasm has been the effect on the rural sector of the burgeoning mineral sector demonstrated in the figures above.

It is an issue which somewhat surprisingly has only captured the hearts of the rural sector following the recent publication of a number of academic papers.

Quite simply, the large increases in Australia's mineral exports have made the Australian dollar stronger than it otherwise would be. This has tended to squeeze the older sectors of the Australian economy—the rural and manufacturing areas.

The reaction of successive Australian Governments has been to raise tariff and other barriers to protect domestic employment in the manufacturing area. This has been particularly the case in the vehicle, footwear, textiles, clothing and white goods sectors which have faced increasing competition from south-east Asia. These measures have also had an incidental effect on the rural sector through raising the domestic price level.

But their major impact has been in restricting imports, which has kept the exchange rate at a level higher than it would be in the absence of the protection. So the rural sector has been squeezed on two fronts—first by the growth in the mining sector and secondly by the action of Australian Governments to insulate the manufacturing sector from the normal adjustment process than could be otherwise expected to take place.

But in electoral terms farmers have not been able to match the clout of the manufacturing lobby. The Liberal Party is by far the dominant party in the federal coalition. The Country Party, which still claims to represent farmers, has diversified its interests among mining and manufacturing interests, giving it an almost forked-tongue policy toward tariff.

It is not uncommon to hear party spokesmen addressing rural gatherings about the evils of the tariff and the need for the long-term adjustment to occur in the manufacturing sector. But before business groups the same spokesmen often refer to now not being the right time to subject business to market forces.

Spokesmen

The fact of the matter is that the Fraser Government is refusing to address itself to the long term policies required to redress the structural imbalance in the Australian economy. Indeed the opposite is the case. Government spokesmen often attack spokesmen of the Labor Party opposition when they talk of the need for structural adjustment policies.

Mr. Fraser gave this point considerable play in the December 1977 election campaign, saying Labour was going to throw thousands of people out of work. The electoral point is that the highly protected industries are very important in several electorates, whereas the political clout of the rural vote is less concentrated and less effective on the tariff issue.

Although the forecasts of the Bureau of Agricultural Economics provide an optimistic medium-term outlook for Australia's rural economy, the sector will continue to face pressure from these other underlying forces.

Stuart Simson

A bumpy road ahead for Canada

BY W. L. LUETKENS

CANADA IS travelling down a bumpy road leading it from the uncertainties created by the end of wage and profit controls to the greater uncertainties of a forthcoming election campaign.

The latest bump on September 12 this year sent the Canadian dollar down below 86 U.S. cents — a level not seen since the 1930s.

The dollar did come back a bit on the next day but it will take time before any real recovery can occur. Plenty of responsible economists believe that there is little economic reason why the dollar should be quite so low. But once exchange markets are nervous that sort of reasoning cuts little ice.

Quebec effect

The first real bump occurred as long ago as November 16, 1976, when the Parti Quebecois generally described as separatist, won the Quebec provincial election. The Canadian dollar which had been above par with the U.S. currency began to slide. Soon it was down to 90 U.S. cents at which level the Canadian Government arranged standby loans with banking consortia. If it was intended as a signal that Ottawa would fight at this line it went unheeded and had no effect. In 1978 the dollar declined further until it passed the ominous 86 cents mark on September 12.

Nobody will ever be able to say why that occurred when it did. But the build-up of forces pushing the currency down had been clear for some time. After doing very well in the early months of this year, Canadian visible trades had declining surpluses in June and July so that the visible surplus of C$4.4bn forecast for 1978 may not be achieved. Even when that forecast was made it had been expected that the invisible deficit, traceable largely to travel and capital service, was going to come to an amount sufficient to bring the current account down to a deficit of C$3.9bn compared with C$4.2bn in 1977. Even that marginal improvement may now be in doubt.

Current account deficits are nothing unusual for Canada. Traditionally they have been offset by capital imports. It is these that have been drying up partly because the governments of the Canadian provinces have been borrowing less in New York as part of economies intended to bring down the inflation rate.

In the private sector there has been a similar pattern. A traditional inflow of equity capital has at times been reversed since in the early 1970s Canadian wage levels began to match and even surpass those in the U.S., even though Canadian productivity generally lags behind the performance south of the border.

That explains why at a time when GNP overall has still shown some growth business investment has been flat. GNP went up by 5.5 per cent in real terms during 1976 and by 2.7 per cent in 1977. For this year something in the region of 4 per cent is forecast. But for business investment in plant, machines and equipment the figures were minus 0.6 per cent, plus 1.7 per cent, and an estimate of minus 0.7 per cent for 1978.

In order to do something about that Mr. Trudeau, the Prime Minister, proclaimed, at the beginning of August, not only an unrealistic 5 per cent growth target but also undertook to reduce federal spending in order to make more resources available to the private sector. What followed almost certainly gave the Canadian dollar a bad bump, however much sense it might make in the long run. A succession of ministerial statements held out the prospect of spending cuts pretty well across the entire range of Government activity. Some Can$500m is to be knocked off the current budget, bringing expenditure down to Can$48.3bn. Another Can$2bn is to come off spending intentions for 1979-80 bringing them down to Can$52.6bn.

Argument continues as to whether these are genuine cuts, in particular since some will require legislation or agreements with the provinces. It is possible that in some cases Ottawa will merely pass the burden from its own treasury to the provinces. After all, for a transfer to the private sector actually to occur taxes will have to be cut somewhere. Of course that is known in Ottawa and measures later this year cannot be excluded.

But equally evidently there has been a widespread inclination in the country to write off the whole exercise as the attempt of a shaky government to prepare for an election. Mr. Trudeau has another ten months before he must dissolve the Parliament, but has been throwing out hints of an early poll for almost a year—only to withdraw them again at the first opportunity. Last Tuesday he became more specific. "No election in 1978," was what he said. His initial vacillation was not affected by the fact that after a bad patch in 1977 he and the Liberal party again drew ahead of Mr. Joe Clark's Progressive Conservative Party in the public opinion polls.

What election date will Premier Trudeau choose?

Cat-and-mouse

Since the timing of the election is of some strategic importance in the argument about Canadian national unity with the Quebec government, Mr. Trudeau has an excuse for the cat-and-mouse game that he has been playing, but as ever uncertainty has not been good for the exchange rate.

The evidence of the polls has to be treated with some reserve because the Trudeau government has been cutting a distinctly unfortunate figure of late. This month it lost its Minister of Labour, Mr. John Munro, who had to resign because he had approached a judge in the interests of a constituent on trial. Mr. Trudeau had given a stern warning after a similar episode involving another minister in the past. In parenthesis one might add that a Conservative minister in the Ontario government resigned shortly after Mr. Munro for much the same reasons.

Mr. Munro was only the last of a series of federal ministers to resign from Mr. Trudeau's cabinets. Among those to have gone there have been two Ministers of Finance, Mr. John Turner, who left in 1975, and his successor, Mr. Donald Macdonald. Mr. Turner who went into a firm of Toronto lawyers has been in the news lately for sending out a newsletter to clients with some rather unflattering remarks about cabinet ministers.

He is suspected of having ambitions to succeed Mr. Trudeau one day. The episode of the newsletter may make one believe so, though there are solid reasons to suppose that he has settled down in his law practice.

There is no doubt that there are forces in the Liberal party that would like the idea, in particular if Mr. Trudeau should be forced into a minority position let alone into opposition whenever the election occurs. Whether the replacement of a French Canadian party leader by one of British stock would help the situation in Quebec is another question. Most opinions can be heard in Canada.

Anyway, none of this is going to be much help with the exchange rate given the usual dislike of markets for the unpredictable.

One thing is clear: the political uncertainties, the lack of clarity over some of the plans for economies, and the genuine problems of the economy, have all combined to push the dollar down.

Political doubt

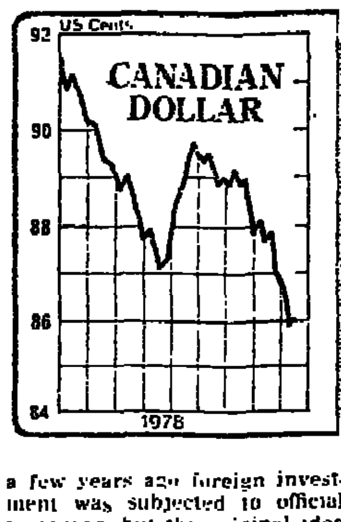
Probably the most important purely economic question at the moment is whether three years of wage and profit controls, now running out, have really had the effect they were supposed to have of breaking inflationary expectations. The evidence will not really be in before next year since the controls are ending by stages and many collective bargaining contracts will not be opened to unfettered renegotiation before 1979.

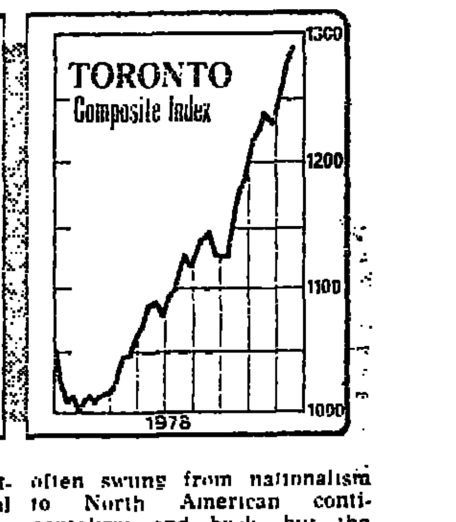
Even so there has been a rash of strikes and threatened strikes. Air Canada was shut down by its machinists and faces another possible strike by cabin crews, postmen are making militant noises, and some western provinces still shudder at the memory of a prolonged shut-down of their breweries this summer. On the other hand the notoriously belligerent construction workers of British Columbia settled quietly and it is far too early to say that wage claims will once again get out of hand.

The high rate of unemployment is a powerful argument for moderation. Seasonally adjusted the unemployment ratio was 8.5 per cent in August, high indeed, even though for methodological reasons Canadian unemployment figures tended to exaggerate the evil. Moreover Canada is still creating new jobs (which is more than can be said for some more obviously successful economies). The number of people in employment in August was 10.6m compared with 10.3m the year before.

A baby boom in the past is maturing, creating the need for ever more jobs. That demographic pressure on the economy will come to an end in the first half of the 1980s. The blight on the world market for non-ferrous metals should have come to an end well before that, something which would greatly help the Canadians.

Yet some of the great hopes held out for the Canadian economy only a very few years ago will have to be revised. The likelihood is that for the foreseeable future Canada will essentially remain an exporter of raw materials with only a little value added by processing. The likelihood also is that Canada will remain dependent upon foreign investment. Only a few years ago foreign investment was subjected to official screening, but the original idea that the criteria would be applied sternly was revised long ago. On the whole the Foreign Investment Review Authority has been a tiger with velvet paws and is likely to remain so.





More and more Canadians can be found who say that selling resources is what Canada has been good at and that not too much attention should be given to secondary industry. Canadians are also increasingly questioning the tenets of economic nationalism — that Canada should steer clear of too close an economic involvement with the U.S.

A committee of the Canadian senate, the Upper House which has little power but often commands respect for its views, has proposed reversing established policy by trying to join the U.S. in a free trade area. Political obstacles are great, but the idea does have some commercial attractions. It would get Canada out of the unenviable position of being the industrialised nation with an internal market smaller than that of almost all others.

The Canadian pendulum has often swung from nationalism to North American continentalism and back, but the fact remains that today the nature of economic relations with the U.S. is once again under discussion. In the long run therefore another element of uncertainty has arisen.

Obstacles

It is therefore all the more surprising that the Toronto Stock Exchange has gone from strength to strength so far this year. Some obvious reasons can be advanced. The devaluation of the Canadian dollar has increased export opportunities. Some resource-based industries which quote export prices in U.S. currencies can pocket the margin of devaluation entirely. Moreover the end of profit controls should help company profits to grow.

Nevertheless it is remarkable for an equity market to have performed well during a year in which interest rates have risen by some two percentage points in defence of the exchange rate. In spite of all the bumps Canadian investors do not seem to have written off their economy.

Letters to the Editor

Constitutional reform

From the Chairman, Conservative Action for Electoral Reform

Sir,—Your columns today (September 13), report the findings of yet another special committee set up by the Conservative Party to study an aspect of much needed constitutional reform, this time the subject is referendums.

Like its predecessors on other related issues (Devolution, the House of Lords, etc.) the conclusions of this committee have no specific status but they will be "considered" by the shadow Cabinet in due course and perhaps, although this is unlikely, some mention of their work may be made in the manifesto.

The Conservative Party is walking round and round the question of constitutional reform and getting nowhere. The truth is we are in a difficult position. While Conservative political philosophers — Lord Hailsham, Lord Home, Lord Carrington, Ian Gilmour, to name a few—recognise the dangers of the present situation, others in the Party, hypnotised by the prospect of office, have no wish to fetter the hands which might soon hold the orbe and sceptre, and see to it that suggestions for constitutional change are smartly buried, perhaps with a polite nod.

Whatever their preferred solutions—and there are many—reformers must realise what they are up against and that they will never get anywhere by putting forward apologetic little offerings like those proposed in the report on referendums referred to above.

Time is not on our side. We are threatened with forces which could well sweep away many of our constitutional liberties and it is the clear duty of the Conservative Party to do something about it. A few bland pronouncements tucked away in the recesses of the manifesto will not suffice. There must be a clear commitment to take action in the life of the next Parliament to ensure the diminution of executive power and the inescapable obligation of all subsequent governments to heed the wishes of the majority of people.

A. F. Wigram,
6, Queen Street, W1.

The case against referenda

From Mr. E. Stark.

Sir,—I believe it is right and democratic that people should be consulted by referendum on many issues that come before Parliament and the country, but there should be some safeguard to prevent Government using referenda merely to rubber stamp its own policies.

If the decision whether or not to have a referendum rested with the Government of the day it would be used only where the Government was confident it would get the answer it required, and would be denied the electorate on other issues.

Three matters on which majority public opinion is almost certainly contrary to majority Parliamentary wishes are capital punishment, immigration and proportional representation, and neither of the major political parties is ever likely to give us a referendum on any of these questions.

Referenda at the discretion of the Government of the day would be a useless waste of time, another frustration to make the elector even more cynical of politics and politicians and a further unrewarding burden on the taxpayer.

E. Stark,
Highlands, 176, Southend Road, Wickford, Essex.

Fair shares for all

From Mr. Richard T. Greenhill.

Sir,—Following publication of my letter on September 7, it is encouraging to read the views expressed by Mr. Grey (September 13) on the case for employee share schemes and the observations of Mr. Thompson (September 14) on the application of Added Value Reward Plans.

It is developments in both these areas which prompted me to write with some optimism on the future for profitable enterprises and the rewards generated for employees at all levels.

The letters of Messrs. Grey and Thompson come at an opportune time because a number of employee share schemes now operating or shortly to be introduced produce individual share entitlements under profit sharing schemes using Value Added as a basis of determining the sum to be appropriated to employees.

Much has been written about the difficulties of using Added Value for employee bonus and profit sharing schemes including the effect of inflation which was the subject of Mr. Thompson's letter. One of the prime concerns which we have encountered with the introduction of value added pay systems including those linked to employee share ownership schemes, is the need to take account of the change in the balance between capital and labour resources. If the traditional share of added value paid to employees is the sole criterion for determining bonus payments, a significant increase in the company's capital investment programme is likely to distort the traditional relationship of employee costs to value added. Invariably in such a situation it would be necessary to either change the "standard" ratio of employee costs to added value or to build capital's requirements into the formula in the first instance.

The fair share of value added for capital and employees is particularly pertinent to the situation when bonuses are paid in the form of shares in the Company as there will be a greater need for employees to appreciate their dual interests as worker and shareholder.

Richard T. Greenhill.
Cockman, Copeman and Partners,
178, Temple Chambers, EC4.

Value added rewards

From Mr. E. Gow

Sir,—I would like to endorse Mr. Thompson's comments on the Department of Employment's Guidelines on Phase 4, and in particular the reference to "added value" schemes (September 14).

I have the impression that the references to "added value" schemes have been inserted without detailed study, or indeed, knowledge of the subject.

Perhaps the attitude was that there have been many so-called self-financing incentive schemes which were merely charades that the added value concept has been included in a general condemnation. If this is so, it would be most unfortunate, as I believe added value offers genuine opportunities to improve productivity, and also that it can be adequately monitored and controlled.

To exclude price increases appears to be an easy way of eliminating an element which could contribute towards a bonus payment without the work force improving their efforts. However, this has to be viewed in the light of the economic cycle which applies in most businesses — wage demands, material cost increases, price increases etc. They are inevitably linked: it is the old "chicken and egg" syndrome.

Furthermore, a correctly structured "added value" scheme would indicate to the employees how their efforts in cost reduction (scrap, rework, power and gas, usage of tools and supplies etc) could contribute to a bonus payment.

It is not a panacea—it has its blemishes — and it could be manipulated—but operated with integrity, and the close co-operation of the employees, I am convinced it offers good opportunities to improve productivity, cut costs, and increase earnings on a self-financing basis.

I would, therefore, suggest that the Department of Employment should reconsider their observations on this subject.

E. Gow.
9, Valence Tower, Regents Gate, Bothwell, Glasgow.

The making of a banker

From Mr. Raymond H. Mitchell.

Sir,—I was interested to learn from your brief report (September 9) that the Midland Bank had seconded one of its managers to the London Industrial Centre; the Greater London Council's service to business and industry. The article today (September 13) by Michael Blanden under the title "Banks urged to train staff to advise small companies" which referred to an address given by the Deputy Chairman of Barclays Bank to the annual Cambridge seminar of the Institute of Bankers was, therefore, even more heartening.

Most fortunately I have recently recovered from a serious breakdown in health which necessitated premature retirement from banking after 36 years—13 of which were spent in branch management. I embarked and have been rejuvenated, as a self-employed financial consultant.

The last six months have been spent almost entirely in an endeavour to "turn-round" a small company, with obvious potential, and in that time being on the other side of the coin, I have learned more about banking than, I admit, I have ever known.

Just as the small entrepreneur is craft-orientated and shrinks through ignorance from what, despite the added welter of paper and legislation, is merely elementary good housekeeping his banker is financially orientated and bound by a "book of rules." Dispassionately he dissects the little man's balance sheets (which through lack of trained accounting staff cost quite a lot to produce) and drains his self-confidence calling for what in the majority of cases are guesstimated cash flows, and holds him to his high hopes so hurriedly drawn up.

The busy bankers have little time to spare a thought about the continual battle to provide that service or product called "Sales" — equally the uphill struggle to ensure a fair day's work from the bland "Wages and Salaries." "Creditors"—the remorseless hounds the day after the monthly credit expires whilst "Debtors" (generally discounted) are the larger concerns dependent on his small spoke for their huge wheel, yet without shame allow almost a quarter of his turnover to remain grinding through their systems.

How often in the past have I heard these pleas—or were they excuses?—and unbelievingly hid behind my security suitably scaled down by established margins! Banks have a duty to be prudent with their depositor's funds but how many smallholdings and life savings have been hammered by misunderstanding and lack of inside knowledge?

What a wonderful opportunity it would be if this formal small business training and attachment really escalated — enlightened small businessmen and really experienced future bank managers—the best of both worlds.

Raymond H. Hitchell,
30, Brightling Road,
Crofton Park, SE4.

The letter of the law

From the Controller, Her Majesty's Stationery Office.

Sir, — Councillor Shepherd's allegation (September 14) of dishonesty and inefficiency on the part of HMSO may well leave the less discerning of your readers with a totally false impression of this department.

It is true that when HMSO reprints Acts of Parliament most of them are reprinted in their original form: we have no authority to do otherwise unless Parliament itself has sanctioned an updated reprint. Somewhat strangely, Councillor Shepherd himself appears to recognise this later in his letter when he quotes the case of the House of Commons Disqualification Act 1975.

Whilst demand for an Act of Parliament continues to exist, HMSO would keep it in print until it's either repealed or consolidated entirely into a new Act. Prices of reprints reflect current costs of producing such publications.

Bernard M. Thimont,
Sovereign House,
Botolph Street, Norwich.

Agricultural wages

From the Assistant Secretary, National Farmers' Union of Scotland

Sir,—Can I clear up some confusion which may follow from the references in today's "Financial Times" (September 14) to wage claims by agricultural workers?

The claim lodged by the National Union of Agricultural Workers for an increase in minimum wage rates does not apply to Scotland, where farmworkers are solely represented by the Scottish Farmworkers' Section of the Transport and General Workers Union. There is a separate Scottish Agricultural Board which is responsible for setting minimum wages and other conditions, and to which the Transport and General Workers' Union nominates employee representatives and employer representatives are nominated by the National Farmers' Union of Scotland.

The Transport and General Workers Union has not yet lodged a claim for improvements in current minimum wages and other conditions in Scotland, but is expected to do so shortly.

J. Lefley,
17, Grosvenor Crescent, Edinburgh.

Today's Events

GENERAL

Mr. Michael Edwardes, BL chairman, meets Amalgamated Union of Engineering Workers national union officials in London to discuss Bathgate dispute.

Finance ministers of EEC meet in Brussels to discuss the planned new European monetary system.

Public hearings begin at tribunal investigating Crown Agents' £236m losses.

Four-day local hearing of public inquiry into proposed fourth terminal at Heathrow starts at the Civic Centre, Hounslow.

Prince Charles opens World Health Organisation European Regional Committee's annual meeting (which continues until September 23).

Mr. Albert Booth, Employment Secretary, addresses Institute of Career Officers conference at Exeter University.

Sir Peter Vanneck, Lord Mayor of London, at dinner with Senorita Maria Carmenza Arenas, Chargé d'Affaires of Colombia.

International Sugar Organisation's executive committee meets to decide whether to call a full session of the Sugar Council on September 29 to consider postponing introduction of the contribution fee for the agreement stock financing fund beyond October 1.

London Chamber of Commerce and Industry seminar on "Dismissal and the Law" at 69 Cannon Street.

European Conference of Rehabilitation International, and National Aids for the Disabled Exhibition, opens in Brighton for three days.

Three-day annual conference and exhibition of the Institute of Water Pollution Control opens in Torquay.

COMPANY RESULTS

Final dividends: F. and C. Eurotrust. Interim dividends: Appleyard Group of Companies, Brent Chemicals International, Camrex Holdings, European Ferries, Federation Land and Building Co, Stanley Gibbons International, Low and Bonar Group, Simon Engineering, Henry Sykes, Wadham Stringer. Interim figures only: United Glass.

COMPANY MEETINGS

See week's Financial Diary on Page 33.

SPORT

Tennis: British Hardcourt Championships, Bournemouth (until September 24).

Golf: Midland Open Championship, Hill Valley.

Cycling: Skol six-day event, Wembley.

EXHIBITIONS

Josiah Wedgwood exhibition, Science Museum, South Kensington, SW7 (until September 24).

Portuguese Art, Royal Academy of Arts, Burlington House, Piccadilly, W1 (until October 1).

Public taste regains its hold on textile research

BY RHYS DAVID, TEXTILES CORRESPONDENT

FOR EUROPE'S fibre producers the long wait could soon be over. Within the next two months it should become clear whether the crisis cartel worked out in nearly 12 months of discussions, and halted abruptly because of disagreements within the European Commission, stands any chance of being revived.

The answer will come with the Commission's completion of a study it has been undertaking into the fibre industry. The betting at this stage must be against the re-emergence of anything like the detailed agreement on market shares and production levels originally worked out by the leading producers. This had aimed to help the industry deal with serious over-capacity problems and losses over the past three years totalling in excess of $2.5bn.

Rejection of the original proposals drawn up by the industry after prolonged discussions involving the EEC commissioner for industry M. Davignon, the producers and national governments will be a disappointment. But it will serve to make some of the producers, among them ICI, thankful for the measures they themselves have taken in response to the slump in demand since 1975 and which have enabled them to reshape their businesses.

The most obvious of these has been the major cutback in jobs, with ICI itself having largely completed its reduction of about one third in overall employment levels. Less evident so far, but equally important to the company's future, has been a major re-think in the company's fibres research policy aimed at giving it a new and much harder commercial edge.

Like other parts of the ICI fibres' operation, the company's research centre at Harrogate has suffered its share of job losses with a total of 500 redundancies over the past 18 months bringing numbers employed at the campus site just outside the town, down to the present figure of about 1,200. The re-organisation goes much deeper than this, however. Essentially speculative research leading the company into what could be completely new fields has largely gone. The starting-point is now the market place and the aim is to find ways of producing fibres to meet public tastes.

Heated clothes

The new approach is a result of the recognition that much of the research effort in the past has been mis-directed, and has taken ICI into areas which while often interesting will not necessarily prove profitable, except over a very long time-scale. One example of this was Epitropic conductive fibres on which large sums of money were spent by ICI and on which high hopes were placed in the early 1970s. The process was originally developed as a way of getting around the problem of static electricity in nylon carpets and involves the placing of small amounts of carbon on the fibre to act as a conductor.

Epitropics are now well established in this application but it was hoped that a wide range of other uses could be opened up using the heat conducting properties of carbon. Considerable efforts were devoted to developing a continuous yarn incorporating its own Epitropic filament.

Among the applications it had hoped to exploit were car seat fabrics to be heated, using electricity from car batteries, heated clothing for people working in low temperatures, heated wall-papers and carpet underlays. The development was abandoned, however, because it became clear that the commercial rewards were unlikely ever to compensate for the costs of solving the attendant technical complexities.

At the same time the fibre producers have also realised that they were basing much of their research effort on what have since turned out to be wrong assumptions. In the late 1960s and early 1970s the fibre makers, not only in Britain but elsewhere, took the view that man-made fibres would continue to replace cotton, wool and other natural fibres on the grounds of cost and availability. Economics were seen as likely to be the dominant factor in determining the type of fabric which the textile industry would use and the public wear.

From the fibre makers' point of view the cheapest and simplest means of moving from fibre to finished product is through the production of filament yarn, knitted into garments on high speed machines. The fibres industry managed to convince itself that the market share of woven fabrics made from spun yarn—the traditional type of fabric used in men's and women's outerwear—would be eaten away by the new knitted fabrics. The result was to concentrate research in this direction.

The outcome has not been encouraging. Though knitted fabrics have managed to gain a good share of the leisure-wear market in trousers, blazers, shirts, they have had little more than an initial novelty impact in the important areas they were meant to conquer such as business suits and shirts.

The European public over recent years has reacted unfavourably to the feel and often glittery appearance of many of the earlier man-made fibre fabrics, and has asserted its preference instead for more traditional woven materials either in natural fibres or incorporating a large proportion of cotton or wool in the blend.

The new direction which ICI is taking involves a much closer integration between marketing and the research effort, and perhaps ironically this new alliance could result in the emergence of man-made fibre products which will in future compete much more effectively with the natural fibres.

The new research structure which, it is hoped, will achieve this consists of what is now known as the textile centre, based at Harrogate, which will act as a link between the research, engineering, and technical development department (RET) also in Harrogate and the company's merchandising group based in London.

The RET segment will still have as a main function machinery developments designed to ensure that ICI remains one of the most efficient producers of fibre and will still do some basic fibre research. The link with merchandising through the textile centre is intended, however, to enable it to carry out its other main function—the development of yarns which will help produce fabrics which the public wants.

"We have deliberately set the textile centre midway between the research side and merchandising, giving it a window on the marketplace and a view all the way back to the polymer raw material," Alan Pedder, RET's technical director explains.

In practice the new approach will mean that ICI will be looking at consumer preferences to see whether they can be met with existing fibres or through the development of new characteristics.

The first moves by the textile centre have been to examine individual product areas within textiles and to isolate the fibre requirements in those sectors where man-made fibre penetration is currently low. In underwear, for example, cotton still has by far the biggest share of the market mainly because of its properties of softness. Clearly this has to be the target if ICI is to increase its market penetration in this area. To counter cotton's grip, ICI has come up with a spun polyester fibre terylene type 558 which it is claimed can match and improve on cotton's characteristics.

A new fibre

The fibre is said to be the first spun polyester specifically developed for knitting and has, according to ICI, a high degree of softness as well as an answer to the problem of moisture absorption—an area in which man-made fibres are weak. On wearer trials it has come out, ICI claims, on top of combed cotton or blends, and it also has the advantage of accepting transfer prints—a fast-growing form of decoration—without becoming harsh to the touch.

The fibre has also been developed for weaving where one of its assets is its low-pill properties, which means that the fabric does not end up covered with small balls of fibre.

"Our merchandising team identifies low pill and softness as important to the customer, and the textile centre was able to come up with this," says Alan Pedder.

ICI is expecting the fibre, in its knitted and woven forms, to make inroads into sportswear, leisurewear, nightwear, and women's blouses, as well as underwear.

A similar assessment of opportunities has been made in household textiles, where the field is occupied very largely by cotton and acrylic (a fibre ICI does not make). In upholstery different yarn combinations and new fabric structures are being tried, sometimes in 100 per cent polyester and sometimes in blends with natural fibres, to produce linen, velvet and other special effects popular with the public.

An assault is also being made on the curtain market where ICI hopes to see warp-knit fabrics gaining a much bigger share of the market, and opportunities are also seen for synthetic fibres in wall-coverings, a growing market which the coarser natural fibres jute and linen ha[ve] bee[n] seeking to exploit. "We hav[e] gone to the household textil[e] trade to show that there ar[e] fabrics using alternative fibr[es] to those the trade is familia[r] with, and which can hav[e] similar appearance and thr[ough] time, better wear resistance," says Alan Pedder.

Behind all these product d[e]velopments lies the tacit acce[p]tance that the public is usual[ly] right and best knows the ty[pe] of feel and appearance it want[s]. It is an approach which fits [in] too with the stage of develo[p]ment which man-made fib[res] have now reached.

Fibre engineering—manipula[]tion of physical and chemic[al] properties so that the fibre pr[o]ducts can be varied according [to] the type of feel that is requir[ed] —is already a highly advanc[ed] a[r]t but the hope now is th[at] within 5-10 years it can co[me] much closer to being a pre[ss] button operation.

It could mean for examp[le] that fibre producers will be a[ble] to respond much more quick[ly] to fashion demands, say for Shetland style fabric, or for [a] linen look, without the need f[or] the very extensive developme[nt] work which now has to ta[ke] place. "We only found out h[ow] to make polyester which wa[s] be acceptable in denim at [the] end of the last boom," a senior ICI executive ruefu[lly] points out. He is equally c[on]vinced, however, that the ne[xt] denim boom will be a polyest[er] one.

The natural fibres have show[n] in the past their resilience b[ut] could clearly be on the way [out in] a number of areas which th[ey] still dominate.

ICI's approach is nea[tly] summed up by John Stua[rt] fibres deputy chairman: "It m[ay] not be appropriate to drive [as] much as we have in the p[ast] but to respond instead to fashi[on] change." By giving up t[he] attempt to pull the market alo[ng] behind it, ICI fibres may w[ell] have found a more effecti[ve] method of ensuring that [] comes its way.

Call to curb scrap exports

Financial Times Reporter

PUBLIC AND private sector steelmakers have asked the Government to move towards restrictions on the export of higher grades of ferrous scrap.

The move, which is being opposed by the British Scrap Federation, follows reports of some localised shortages of high grade scrap.

Any curbs in scrap exports will have to come through the EEC, although an official UK Government recommendation to Brussels will obviously carry much weight.

The steelmakers are understood to want a reduction in the percentage of higher grade scrap allowed to be sold to third world countries. There is also pressure for the re-classification of fragmentised scrap into the high grade category.

Initiative for the move is believed to have started among private sector steelmakers, although they now have the formal support of the British Steel Corporation and the Steel Foundry Industry. In the past this trio has made up a highly influential lobby group.

Stiff opposition is being put forward by the British Scrap Federation which emphasises that export sales—Spain is the biggest customer by far—are a much needed lifeline for the industry at a time when traditional UK customers are only buying limited amounts with heavy emphasis on quality control.

Mr. Roy Boast, executive vice-president of the Federation said they had no evidence that in Britain the EEC, or even in most third world countries, that suggested any major steelmaking recovery. Prices in Britain, although lifted recently, were still low.

In the past the Federation has been increasingly critical of what it feels is the use of export restrictions as a major price factor on the UK market.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Rotschild Inv. Trust, New Court, St Swithin's Lane, EC, 11.30
Viatoplant, Queens Hotel, Leeds, 1

BOARD MEETINGS—
Finals:
[illegible] C. Eurotherm
Interims:
[illegible]
[illegible] Chemicals Intn
Camico
European Ferries
Federated Land and Building
Gibbons (Stanley) Intnl
Low and Bonar
Simon Engineering
[illegible]
Wigham Stirrage

DIVIDEND & INTEREST PAYMENTS—
Bulloug. Ord. Dong. 30
C.S.C. Inv. Trust 2.5p
Warwick Eng. Invs. 0.5p

TOMORROW

COMPANY MEETINGS—
Airfix Inds., 17 Old Court Place, Kensington, W, 11
Gresham Inv. Trust, Barrington House, Gresham St., EC, 12
Norton (W. E.), Royal Automobile Club, SW, 12
Rothmans Intnl., Dorchester, W, 12.30

Finals:
County and District Prop.
Elder Smith Goldsbrough Mort
Jentique
[illegible] (George H.)
Interims:
Aurora
Bank of Scotland
[illegible]
[illegible] Intnl.
Cowdex
Energy Services and Electronics
[illegible] Metal
J.B. Holdings
[illegible]
Rowan and Boden

DIVIDEND & INTEREST PAYMENTS—
Beales (John) Assoc. Ln. 5 [illegible]
Gresham Inv. Trust 1.503590

WEDNESDAY, SEPTEMBER 20

COMPANY MEETINGS
Allied Colloids, Cleckheaton Rd., Low Moor, Bradford, 12
Amalgamated Distilled Prods., Central Hotel, Glasgow, 12
Anglo American Asphalt, Vale Rd., Tonbridge, 12
Bremar Trust, Bremar House, 27 Sale Place, W, 12
Firth (G. M.) Metals, Victoria Hotel, Bradford, 12.30
Group Investors, 2 St Mary Axe, EC, 2.30
United Dominions Trust, 14-20 St Mary Axe, EC, 12

BOARD MEETINGS—
Finals:
Burns Anderson
Ferry Pickering
G.T. Japan Inv. Trust
Interims:
Braxton Estate
Dickinson Robinson
Eagle Star
[illegible] Antony
Hardy [illegible]
[illegible] and Sutton
Hestair
Hoskins and Horton
[illegible] Benson Lonsdale
Laporte Inds.
Leadenhall Sterling
London and Manchester Assurance
Menzies (John)
Matrix
Plantation Hldgs.
Rio Tinto-Zinc
Rowntree Mackintosh
Socar and Jackson Intnl
Tate and Lyle
Tilbury Contracting

DIVIDEND & INTEREST PAYMENTS—
Alpine 0.6p
Alnwick 6¾pcBds. Red. 20/9/78 £3.5505
Amalgamated Distilled Prods. 0.35p
Bassetlaw 6¾pcBds. Red. 20/9/78 £3.5505
Chester-le-St. 6¾pcBds. Red. 20/9/78 £3.5505
Gateshead 6¾pcBds. Red. 20/9/78 £3.5505
Hinckley and Bosworth 6¾pcBds. Red. 20/9/78 £3.5505
Kingston Upon Hull 6¾pcBds. Red. 20/9/78 £3.5505
M and G American and General Fd. Inc. Units 6.25
M and G Magnum Fd. Inc. Units 2.75p
North Tyneside 6¾pcBds. Red. 20/9/78 £3.5505
Swansea 6¾pcBds. Red. 20/9/78 £3.5505
Tweeddale 6¾pcBds. Red. 20/9/78 £3.5505
Vosper 2.5p
Watford 6¾pcBds. Red. 20/9/78 £3.5505
Wrexham 6¾pcBds. Red. 20/9/78 £3.5505
Wycombe 6¾pcBds. Red. 20/9/78 £3.5505

THURSDAY, SEPTEMBER 21

COMPANY MEETINGS—
Magnet and Southerns, Midland Hotel, Manchester, 12
Ratners (Jewellers), Churchill Hotel, 30 Portman Square, W, 12
Scottish, English and European Textiles, Caledonian Hotel, Edinburgh, 12.30

BOARD MEETINGS—
Finals:
Dowding and Mills
Heabrook Inv. Tst.
Roan Consolidated Mines
Interims:
Brown Boveri Kent
City Hotels
Delta Metal
Gresham House Estate
Hall Engineering
Leyland Paint and Wallpaper
London and Holyrood Trust
London and Prov. Trust
Mackay (Hugh)
Perry (Harold) Motors
Ransomes Sims and Jefferies
Selection Trust
Stone-Platt Inds.
United Newspapers
Wilkinson Warburton
Wimpey

DIVIDEND & INTEREST PAYMENTS—
Anglo American Asphalt 1.62p
Basildon 10¼pcBds. Red. 15/9/82 5⅛pc
[illegible] Pars [illegible] 1.50
Epsom and Ewell 10¼pcBds. Red. 15/9/82 5⅛pc
Gateshead 10¼pcBds. Red. 16/9/81 5⅛pc
Greenwich 6¾pcRed. 1976-78 3⅜pc
Havant 10¼pcBds. Red. 16/9/81 5⅛pc
Kettering 9pcBds. Red. 17/9/80 4½pc
Newcastle upon Tyne 10¼pcBds. Red. 15/9/82 5⅛pc
Sunbridge 9½pcBds. Red. 19/9/79 4¾pc
S G B Group 2.75pc
South Derbyshire 9¼pcBds. Red. 17/9/80 4⅝pc

FRIDAY, SEPTEMBER 22

COMPANY MEETINGS—
Associated Tooling Inds., Winchester House, 100 Old Broad St., EC, 12
British Land, Mayfair Hotel, Berkeley St, W, 12
Dunbee-Combex Offices of Denby Tableware, Langley Mill, Nottingham, 2.30
Hogg Robinson, Queens Room, Baltic Exchange, EC, 12.15
Property Security Inv. Trust, Great Eastern Hotel, Liverpool St, EC, 12.15
Unitech, Great Eastern Hotel, EC, 12

BOARD MEETINGS—
Finals:
Blue Bird Confectionery
Telefusion
Interims:
Bulgin (A. F.)
Southampton I. of W. Royal Mail Steam Packet
Ward White

DIVIDEND & INTEREST PAYMENTS—
Adams and Gibbon [illegible]
Agricultural Mtg. Corp. 13½pcBds. Red. 22/9/78 £6.7878 Do. 14¼pcBds. Red. 22/3/79 7⅛pc
Allerdale 7¼pcBds. Red. 28/3/79 3⅝pc
Ashford Var. Rate Bds. Red. 16/3/82 £5.9062
Bassetlaw 7¼pcBds. Red. 28/3/79 3⅝pc
Beverley 7¼pcBds. Red. 28/3/79 3⅝pc
Blackburn Var. Rate Bds. Red. 16/3/83 £5.9062
Blaenau Gwent 10¼pcBds. Red. 17/3/80 5⅛pc
Bradford 8¾pcBds. Red. 10/3/80 4⅜pc
Brentwood 7¼pcBds. Red. 28/3/79 3⅝pc
Chesebrough-Ponds Inc. 23 cts
Dixon (David) 2.7139p
Doncaster 7¼pcBds. Red. 28/3/79 3⅝pc
Easington 10¼pcBds. Red. 17/3/80 5⅛pc
Goodrich (B. F.) 33 cts
Greater Manchester Passenger Transport Executive 7¼pcBds. Red. 28/3/79 3⅝pc
Grimsby 7¼pcBds. Red. 28/3/79 3⅝pc
Hallam Sleigh and Cheston 0.675p
Hart 8¼pcBds. Red. 19/3/80 4⅛pc
Highland 7¼pcBds. Red. 28/3/79 3⅝pc
Inveresk Group Ord. Units 1.417p
Kinross 7¼pcBds. Red. 28/3/79 3⅝pc
Kyle and Carrick 10¼pcBds. Red. 16/3/83 5⅛pc
Lanark 7¼pcBds. Red. 28/3/79 3⅝pc
Lex Service Group 1.3p
Merseyside Passenger Transport Executive 9¼pcBds. Red. 19/3/80 4⅝pc
Middlesbrough 7¼pcBds. Red. 28/3/79 3⅝pc
Newham 8¼pcBds. Red. 19/3/80 4⅛pc
North East Fife 7¼pcBds. Red. 28/3/79 3⅝pc
Nuneaton 7¼pcBds. Red. 28/3/79 3⅝pc
Radnor 7¼pcBds. Red. 28/3/79 3⅝pc
Rushcliffe 9¼pcBds. Red. 17/9/80 4⅝pc
Salford 7¼pcBds. Red. 28/3/79 3⅝pc
Serck Db. 5⅝pc
South Wight 7¼pcBds. Red. 28/3/79 3⅝pc
Stoke-on-Trent 7¼pcBds. Red. 28/3/79 3⅝pc
Surrey 6pc Var. Rate Bds. Red. 6/1/82 £5.5563
Trustees Corp. 3.35p
Tweeddale 10¼pcBds. Red. 17/3/82 5⅛pc
Vale Royal 10¼pcBds. Red. 15/3/83 5⅛pc

SATURDAY, SEPTEMBER 23

DIVIDEND & INTEREST PAYMENTS—
Cleveland 11¼pcBds. Red. 21/3/79 5⅝pc
Clydebank 11¼pcBds. Red. 21/3/79 5⅝pc
Essex Water 3.5pc (fmly. 5pc) Cons. Ord. 1.75pc
Essex Water 3.5pc (fmly.) New Ord. 1.75pc
Halton 12¼pcBds. Red. 19/3/80 6⅛pc
Hereford 11¼pcBds. Red. 21/3/79 5⅝pc
South Yorkshire 11¼pcBds. Red. 21/3/79 5⅝pc
Yeovil 11pcBds. Red. 20/9/78 £5.409

SUNDAY, SEPTEMBER 24

DIVIDEND & INTEREST PAYMENTS—
Stoller Inds. Ln. 5⅛pc

THE GREAT NORTHERN TELEGRAPH COMPANY (LIMITED)

THE GREAT NORTHERN TELEGRAPH COMPANY'S HOLDING COMPANY, LIMITED

Interim statement for the first half of 1978 for The Great Northern Telegraph Company, Limited, of Denmark

The turnover recorded by the Great Northern Group of companies for the first half of the year was practically the same as for the first half of 1977. Cost adjustments and structural changes have improved the operations of the Group, together with extraordinary receipts from the sale of Storno shares previously announced, have led to an increased Group net profit compared with the first half of 1977.

This increase is expected to be maintained for the whole of 1978.

The Board of Directors.

TO THE HOLDERS OF THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE 7¾ PER CENT EXTERNAL LOANS BONDS 1987

Notice is hereby given pursuant to the provisions of the conditions of November 1, 1972, under which the above-described Bonds were issued, Citibank N.A., formerly First National City Bank, as Fiscal Agent, has selected for redemption through drawings by lot, US$429,000 principal amount of the above-described Bonds. The serial numbers of said Bonds selected are as follows:—

Bonds of US$1,000 each

10	[illegible]	25	50	77	[illegible]	[illegible]	172	199	209	221	240	249	270	279	[illegible]
359	[illegible]	400	503	587	596	665	702	732	764	805	829	853	907	923	947
979	1047	1055	1097	1114	1135	1166	1193	1232	1264	12725	12756	12781	12801	12828	12842
12876	12903	12912	12931	12953	13101	13121	13186	13197	13223	13246	13295	13323	13343	13356	13400
13426	[illegible]	14225	16400	16598	17329	13999	19427	1300	1334	1347	1498	1537	1576	1595	1656
2456	2476	2498	2515	2530	2542	2596	2609	2632	2674	2693	2714	2725	2753	2789	2809
2823	2876	2858	2907	2921	2970	2999	3023	3046	3076	3094	3123	3164	3179	3207	3256
3289	3378	14399	14419	14437	14451	14491	14597	14608	15726	15749	15763	15783	15794	15932	15963
15987	16111	16129	16163	16203	16232	16264	16297	13457	13712	14252	16424	17001	18444	19101	19444
3406	3427	3463	3486	3501	3523	3549	3899	3975	3947	4121	4137	4154	4186	4217	4237
4264	4282	4300	4321	4350	4585	4599	4623	4645	5104	2151	5147	5283	5314	5356	5370
5477	5506	5546	5578	5596	5623	5646	5663	5671	5692	17359	17389	17420	17449	17499	17525
17635	17697	17725	17743	17797	17826	17863	17896	17921	17943	17989	17999	18101	18206	18326	18398
13497	17796	12292	16453	17029	13409	19198	19476	5727	5787	5799	5824	5848	5864	5896	5923
5949	5983	6003	6034	6070	6089	7002	7031	7064	7089	7143	7176	7197	7526	7555	7594
7623	7641	7653	7689	7789	7808	7828	7868	8111	8128	8163	8193	8312	8343	8356	8379
8398	8406	19563	19607	19666	19697	19724	19763	19797	19824	19846	19893	19907	19929	19947	19963
19999	13520	13522	14327	16473	17063	18723	19299	19498	8481	8505	8541	8586	8599	8623	8647
8672	8698	8727	8773	8785	8814	8847	8853	8901	8929	8959	8985	8999	9100	9129	9147
9183	9196	9221	9245	9321	9346	9373	9421	9456	9491	9523	9556	9621	9674	9696	9029
9763	9800	9521	13543	13847	16321	16496	17100	18827	19327	19528	9879	9899	10100	10126	10173
10200	10224	10276	10314	10346	10379	10403	10439	10476	10487	10505	10536	10582	10600	10634	10672
10701	10749	10793	10842	10864	10888	10912	10943	10999	11121	11145	11154	11199	11225	11256	11276
11301	11321	11355	11376	11401	13593	14101	16363	16527	17198	18879	19348	11429	11460	11477	11502
11518	11522	11555	11567	11595	11613	11621	11649	11674	11691	11765	11784	11796	11824	11843	11897
12136	12151	12172	12193	12212	12241	12257	12292	12347	12356	12379	12447	12473	12498	12524	12543
12571	12592	12603	12623	12648	12653	13621	14198	16384	16544	17293	18923	19393			

On November 1 1978 the Bonds designated above will become due and payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. Said Bonds will be paid upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder at the specified offices of the paying agents appointed as mentioned in the conditions printed on the reverse of each Bond. The Coupons due on November 1 1978 should be presented for payment in the usual manner.

On and after November 1 1978 interest shall cease to accrue on the Bonds herein designated for redemption.

Citibank N.A. Singapore

Dated: September 15 1978

This advertisement does not constitute an invitation to any person to subscribe for or purchase any Ordinary Shares of Candecca Resources Limited nor does it mean that the Company has a listing on the Stock Exchange.

Candecca Resources Limited

(Registered in England No. 953066)

Rights issue of 8,300,000 Ordinary Shares at 30p each

Candecca Resources Limited has raised the sum of £2.49 million by the issue by way of rights of 8.3 million Ordinary Shares of 10p each at 30p per share. The issue closed at 3.00 pm on Friday 15th September 1978.

The funds so raised will enable the company to evaluate its existing discoveries and continue its exploration programme for oil and gas on shore in the United Kingdom.

The Stock Exchange has given permission for dealings to take place under Rule 163(3) with effect from 9.30 am on Monday 18th September 1978.

Arrangements for the issue were made by

Panmure Gordon & Co
9 Moorfields Highwalk
London EC2Y 9DS

18th September 1978

PLANT & MACHINERY SALES

Description	Telephone
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	0902 42541/2/3 Telex 336414
100 TON CAPACITY COINING PRESS by Taylor and Challen — virtually unused — fully automatic — 160 s.p.m. x 24 mm stroke.	0902 42541/2/3 Telex 336414
IN LINE MACHINE for simultaneous surface milling both sides of continuous and semi-continuous cast non-ferrous strip up to 16" wide.	0902 42541/2/3 Telex 336414
9 DIE, 1750 FT/MIN SLIP TYPE ROD DRAWING MACHINE equipped with 3 speed 200 hp drive, 20" horizontal draw blocks. 22" vertical collecting block and 1000 lb spooler (Max. inlet 9 mm finishing down to 1.6 mm copper and aluminium.)	0902 42541/2/3 Telex 336414
8 BLOCK (400 mm) IN LINE, NONSLIP WIRE DRAWING MACHINE in excellent condition 0/2000ft/min. variable speed 10 hp per block (1968).	0902 42541/2/3 Telex 336414
24 DIAMETER HORIZONTAL BULL BLOCK By Farmer Norton (1972).	0902 42541/2/3 Telex 336414
SLITTING LINE 500 mm x 3 mm x 3 ton capacity.	
MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	0902 42541/2/3 Telex 336414
1974 FULLY AUTOMATED COLD SAW by Noble & Lund with batch control.	0902 42541/2/3 Telex 336414
1970 CUT-TO-LENGTH LINE max. capacity 1000 mm 2 mm x 7 tonne coil fully overhauled and in excellent condition.	0902 42541/2/3 Telex 336414
1965 TREBLE DRAFT GRAVITY WIRE DRAWING MACHINE by Farmer Norton 27"—29"—31" diameter drawblocks.	0902 42541/2/3 Telex 336414
STRIP FLATTEN AND CUT-TO-LENGTH LINE by A. R. M. Max. capacity 750 mm x 3 mm.	0902 42541/2/3 Telex 336414
6 BLOCK WIRE DRAWING MACHINE equipped with 22" dia. x 25 hp Drawblocks.	0902 42541/2/3 Telex 336414
2 15 DIE MS4 WIRE DRAWING MACHINES 5,000ft/min with spoolers by Marshal Richards	0902 42541/2/3 Telex 336414
3 CWT MASSEY FORGING HAMMER —pneumatic single blow.	0902 42541/2/3 Telex 336414
9 ROLL FLATTENING MACHINE 1,700 mm wide.	0902 42541/2/3 Telex 336414
7 ROLL FLATTENING MACHINE 965 mm wide.	0902 42541/2/3 Telex 336414
COLES MOBILE YARD CRANE 6-ton capacity lattice jib.	0902 42541/2/3 Telex 336414
RWF TWO STAND WIRE FLATTENING AND STRIP ROLLING LINE 10" x 8" rolls x 75 hp per roll stand. Complete with edging rolls, turks head flaking and fixed recoiler, air gauging etc. Variable line speed 0/750 ft/min and 0/1500 ft./min.	0902 42541/2/3 Telex 336414
NARROW STRIP STRAIGHTENING AND CUT-TO-LENGTH MACHINE (1973) by Thompson and Munroe.	0902 42541/2/3 Telex 336414
CINCINATTI GUILLOTINE 2500 mm x 3 mm capacity, complete with magnetic sheet supports and motorised back stops	0902 42541/2/3 Telex 336414
ROLLING MILLS. 5" x 12" x 10" wide variable speed four high Mill. 3.5" x 8" x 9" wide variable speed four high Mill. 10" x 16" wide fixed speed two high Mill. 10" x 17" wide fixed speed two high Mill. 17" x 30" wide fixed speed two high Mill.	Telex 336414 0902 42541/2/3
MACHINING CENTRE. Capacity 5ft x 4ft x 3ft 5 Axes continuous path 51 automatic tool changes: 5 tons main table load. Main motor 27 hp. Had less than one year's use and in almost new condition. For sale at one third of new price.	01-928 3131 Telex 261771
4,000 TON HYDRAULIC PRESS. Upstroke between columns 92" x 52" daylight 51" stroke 30"	01-928 3131 Telex 261771
ANKERWERK 400 TON INJECTION MOULDER Reconditioned	01-928 3131 Telex 261771
UPSET FORGING MACHINE 4" dia. 750 tons upset pressure	01-928 3131 Telex 261771
2,000 TON PRESS. Double action bed area 132" x 84".	01-928 3131 Telex 261771
WICKMAN 2⅝ 6SP AUTOMATICS 1961 and 1963 EXCELLENT CONDITION.	01-928 3131 Telex 261771
WICKMAN 1¼" Automatics 6 Spindle: Excellent.	01-928 3131 Telex 261771
WICKMAN 1¾" AUTOMATICS. 6 spindle. Excellent.	01-928 3131 Telex 261771
CINCINNATI CENTRELESS GRINDER Excellent.	01-928 3131 Telex 261771
MAHO MH1000 UNIVERSAL TOOLROOM MILLER. Table 47" x 14". Excellent condition.	01-928 3131 Telex 261771
ELLIOT 1250 STURDYMILL with universal head, table 66" x 10", fitted optics, almost new	01-928 3131 Telex 261771
SLOTTING MACHINE. 14" stroke, excellent.	01-928 3131 Telex 261771

WANTED

MODERN USED ROLLING MILLS, wire rod and tube drawing plant—roll forming machines—slitting—flattening and cut-to-length lines—cold saws—presses—guillotines, etc.	0902 42541/2/3 Telex 336414

MOTOR CARS

EUROPE'S LEADING SPECIALIST CAR AUCTION CO.

VICTORIA & CO.

INVITE ENTRIES AND BUYERS TO THEIR NEXT

BUCKINGHAM PALACE ROAD

PUBLIC AUCTION

ON SATURDAY SEPT. 23rd at 11a.m.

If you have a fine post war sports car allow us to show it to over 2,000 prospective purchasers and realise its full value.

Entries will include 100 sports cars.

Some early consignments include:

1963 AUSTIN HEALEY 3000
1976 LAMBORGHINI URRACO
1973 FERRARI DINO 246GT.
1956 JAGUAR XK140 Coupe
1946 MG TA Green
1973 ALFA ROMEO MONTREAL
1952 LVT SPECIAL
1961 DAIMLER DART B.R.G.
1964 JAGUAR "E" TYPE 2+2
1953 BENTLEY MK6
1973 ASTON MARTIN V8
1954 TRIUMPH TR2
1976 SPARTAN V8
1967 AUSTIN HEALEY 3000
1957 ROLLS-ROYCE SCI L.H.D.
1969 RELIANT SCIMITAR
1974 MUSTANG GHIA II
1964 ALFA ROMEO SPYDER
1970 MARCOS 3 LITRE
1958 LOTUS ELITE
1954 SUNBEAM ALPINE
1949 MG TD CONCOURS
1967 TRIUMPH TR4A
1973 BMW 3.0 CSI
1965 BENTLEY Continental
1955 AUSTIN HEALEY 100/6
1960 DAIMLER DART Red
1968 LOTUS ELAN S4
1957 BUCKLER Sports
1965 PORSCHE 356C
1970 JAGUAR "E" Type Special
1959 JAGUAR XK15 Drophead
1965 PORSCHE 911 Coupe
1958 JAGUAR XK150 Coupe
1967 JENSEN INTERCEPTER FF
1958 AUSTIN HEALEY SPRITE
1949 BRISTOL 400 Airflow
1961 MORGAN +4 Coupe

There is still time to consign your car. Be sure to request your entry form today. Prospective bidders must register prior to the auction and leave a refundable £100 deposit to obtain a bidders card.

Victoria and Co. have a permanent display of cars for sale at their showrooms in Buckingham Palace Road.

ENTRY TO THE AUCTION WILL BE BY CATALOGUE ONLY
U.K. £4 OVERSEAS AIRMAIL £5

PLEASE CONTACT US FOR FURTHER INFORMATION

199 BUCKINGHAM PALACE ROAD, LONDON, S.W.1.

Telephone 01-730 9438/9. Telex 886838.

LEGAL NOTICES

No. 002662 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CASTLEGRANGE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 22nd day of August 1978, presented to the said Court by CHARLES WALTER LIMITED whose registered office is at 8, Upper Stone Street, Maidstone, Kent, Builders, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 16th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
100, Kingsway,
London WC2B 6PZ.
Agents for:
WHITEHEAD MONCKTON & CO.,
of 72, King Street,
Maidstone, Kent. ME14 1BL.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October 1978.

No. 002689 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HOME SERVICES (MAIDENHEAD) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by The High Court of Justice was on the 24th day of August 1978, presented to the said Court by THE MAYOR AND COUNCILLORS OF THE ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD of Town Hall, St. Ives Road, Maidenhead, Berkshire, SL6 1RF, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 16th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & Co.,
100 Kingsway,
London, WC2B 6PZ.
Agents for: P. A. WELCH
Town Hall,
St. Ives Road, Maidenhead,
Berkshire,
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October, 1978.

BOND DRAWING

REPUBLIC OF ICELAND
8¼% 1973-1988 UA 12,000,000

Bonds for the amount of UA 300,000 have been drawn on August 31, 1978 in the presence of a Notary Public for redemption on October 24, 1978.

The following Bonds will be reimbursed coupon due October 24, 1979 and following attached:

8231 to 8530 incl.

Amount unamortised:

UA 10,500,000

Outstanding drawn Bonds:

4077 to 4080 incl.: 4090 4095 to 4096, 4128 and 4129: 4131 4173 to 4176 incl. 4197 to 4208 incl. 4210 to 4216 incl. 4249

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg.
September 18 1978.

COMPANY NOTICES

ITO-YOKADO CO., LTD.
(CDRs)

The undersigned announces that the Annual Report 1978 (for the year ended February 28, 1978) of Ito-Yokado Co. Ltd. will be available in Luxembourg at:

Banque Générale du Luxembourg S.A.

Algemene Bank Nederland N.V.
Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope N.V.
Pierson, Heldring & Pierson N.V.,
Kas-Associatie N.V.

Amsterdam September 11th 1978

AMSTERDAM DEPOSITARY COMPANY N.V.

L.E.T. HOLDINGS LIMITED

A DIVIDEND has been DECLARED of 1.5p per share payable to the holders of Ordinary Shares registered 7th September 1978 and to holders of Coupon No. 105 attached to Ordinary Share Warrants to Bearer. The dividend will be paid on 18th September 1978. Coupons must be lodged with Charter Consolidated Limited, Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ, where listing forms can be obtained.

By Order,
D. J. PHILLIPS Secretary.
St. Martin's House
16 St. Martin's-le-Grand
London EC1A 4EP

HEPWORTH CERAMIC HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the Share Transfer Books of the above named Company will be closed from the 30th September to 9th October 1978 inclusive for the preparation of Dividend Warrants.

By Order of the Board
J. KIRTWHISTLE, Secretary
Genefax House,
Sheffield S10 3FJ.

ART GALLERIES

J.P.L. FINE ARTS, 24, Davies Street, W.1. 01-493 2630. JULIAN COOPER recent watercolours Sept. 12-Oct. 6. Mon.-Fri. 10-6.

NEW GRAFTON GALLERY, 42, Old Bond St., W.1. 499 1800. PATRICIO GOYOLEA — Exhibition of coloured photographs

OMELL GALLERIES. Fine British and French MODERN DRAWINGS and Modern British MARITIME PICTURES. 42, Albemarle Street, Piccadilly, W.1

SLOANE STREET GALLERIES, 158, Sloane St., W.1. Modern paintings, sculptures and graphics by interesting international artists. Wide range of prices. Tues.-Fri. 10.00-5.00. Sat. 10.00-1.00.

THE FRASER CARVER GALLERY, High St., Thames Ditton, Surrey. 01-398 7860. Until Oct. 8th. Watercolours by KATHRYN BUNTING. Tues.-Sats. 10-5.30. Suns. 2.30-5.30.

THE MARKET PLACE GALLERY, Colyton, Devon. Telephone (0297) 52841. Until 29th September—"September Selection" Paintings, Drawings and Prints—ARMFIELD, COWERN, DUNSTAN, GARRARD, HILLIER, HISCOCK, KNIGHT, LARKING, LINFIELD, WARD, ETC. Gallery open 11 to 1 and 2.30 to 5 Mon. to Sat. Closed Weds., Afts.

CLUBS

EVE, 189 Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP Show at Midnight and 1 a.m. Mon.-Fri. Closed Saturdays. 01-437 6455

COMPANY NOTICE

HENRY DENNY & SONS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the Preference Shares of this Company will be CLOSED from 18th September 1978 to 2nd October 1978.

T. L. Baldwin
Secretary
Battlebridge House,
Tooley Street,
London SE1 2RJ.

CONTRACTS AND TENDERS APPEAR TODAY ON PAGES 6 & 8

COMPANY NEWS

Laird Group climbs £0.8m to £4.8m at interim stage

ON TURNOVER ahead from £58.55m to £69m first half 1978 taxable profits of Laird Group expanded from £4.01m to £4.83m. Profit for all of 1977 rose by £1m to £9.1m.

The interim dividend is effectively increased to 1.46p (1.327p) net per 25p share to be paid on December 4 and the directors intend to recommend a total for the year of 2.937p—last year's payment was an adjusted 2.67p.

Net profit mid-year was £2.98m (£2.61m) after tax £1.85m, against £1.4m, which included overseas tax of £1.5m (£1.1m). The available balance emerged at £2.63m (£2.61m) after an extraordinary debit for the period of £0.35m, being half the estimated closure costs, net of tax, at Western Shiprepairers.

Dividends absorbed £0.64m (£0.58m) leaving a profit of £1.90m compared with £2.03m last time.

Nationalisation compensation for Scottish Aviation and the 50 per cent holding in Cammell Laird Shipbuilders, is being negotiated, the directors state. To date, payments on account have been received of £0.65m for Scottish Aviation and £0.25m for Cammell Laird.

	Half-year 1978 £'000	Half-year 1977 £'000	Year 1977 £'000
Turnover	[illegible]	58,549	119,231
Profit before tax	4,825	4,010	9,094
Tax	[illegible]	1,400	[illegible]
Net profit	2,975	2,610	6,574
Extraordinary debit	350	—	—
Available	2,625	2,610	6,574
Dividends	[illegible]	579	1,164
Retained	1,987	2,031	5,410

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Appleyard Group, Brent Chemicals International, Camrex, European Ferries, Federated Land and Building, Stanley Gibbons International, Love and Boucher, Simon Engineering, Henry Sykes, Wadham Stringer.

Finals—L. and G. Eurotrust.

FUTURE DATES

Interims—

Avery's	Oct. [illegible]
Bowring (C. T.)	Sept. 28
Delta Metal	Sept. 21
Gibbs (Antony)	Sept. 19
Gresham House Estates	Sept. 21
Hamilborne	Sept. 20
Mariey	Sept. 27
Senior Engineering	Oct. 16
Whatman Reeve Angel	Sept. 28
Wilkinson Warburton	Sept. 21

Finals—

Armstrong Equipment	*Oct. 3
Free State Geduld Mines	Oct. 19
FS Saaiplaas Gold Mining	Oct. 19

* Amended.

Diamond find by Magnet consortium

In response to intense stock market interest, the Magnet Metals-Western Queen-Lennard Oil diamond exploration consortium confirmed that it had recovered a single diamond from the block of claims in the Kimberley region of Western Australia.

The companies gave no details of the diamond and stated merely that its recovery was "most encouraging but the overall significance has yet to be determined."

They are conducting joint and separate exploration programmes. First stage gravel samples taken by Western Queen yielded "kimberlitic indicator minerals." This led to applications for 59 claims. The diamond was recovered by later heavy media separation.

Williams & James well ahead midterm

First half 1978 sales of Williams and James (Engineers) rose by over £1m from £2.22m to £3.24m and taxable profits expanded to £351,519 against £207,863. Profit for the whole of 1977 was a record £452,000.

The net interim dividend payout is increased from 0.99p to 1.1055p per 25p share—last year's final was 1.459675p.

Six months tax took £182,783 (£111,000) leaving a net profit ahead from £96,863 to £168,725.

The company manufactures compressed air, vacuum hydraulic equipment.

EDINBURGH IND. FIGURES DELAYED

Audited preliminary figures for the 17 months to March 31, 1978 of Edinburgh Industrial Holdings are not expected to be released before October 13, the company states.

Although audited figures are available for the industrial group and the company has prepared figures for the whole group, the auditors have as yet not completed the final audit points in relation to the oil and shipping entities.

The audit of the oil and shipping division has proved to be complicated due to the many changes during the year.

In conjunction with the announcement of the audited preliminary figures the directors will also be announcing results for the 12 months to June 30, 1978 (unaudited) and for the three months to June 30, 1978 (unaudited).

Mills and Allen stronger

THERE HAS been a "dramatic improvement" in the financial resources of Mills and Allen International, enabling the group to take advantage of some of the opportunities that exist in its traditional areas of expertise, says Sir Ian Morrow, chairman, in his annual statement.

"If successful these developments should enable the group to achieve its overall objective of broadening and strengthening the profit base," he says.

As reported on September 1, pre-tax profit rose from £2.63m to £4.98m for the year to June 30, 1978, and resulted from improved trading results and a further reduction in group interest and head office costs. The level of net borrowings had fallen from £9.4m to £4.9m by year-end.

On the outlook, the chairman says that the forward order books of most of the group's media businesses confirm the continuing strength of demand for advertising space; "How long demand will continue at the current high level is, of course, a matter for speculation."

Harlow Meyer, the foreign exchange and currency deposit broking business, has started the year well both in the UK and overseas, but the chairman says it is impossible to make any sensible projection for the year since the level of brokerage depends upon day-to-day factors.

Last December, at the end of four years of rescue and rehabilitation, the group was reorganised in order to simplify and strengthen its capital and borrowing structure and to allow it to adopt a more positive policy towards the development of its activities.

Sir Ian says that the progress made by the group since the reorganisation has "exceeded our original expectations." Accordingly the directors propose to recommend a final dividend of 3p net compared with the forecast of 2p.

In August 1978 the Office of Fair Trading informed Mills and Allen that it proposed to refer the supply of roadside advertising services to the Monopolies and Mergers Commission.

RFD warns on first half

The current year of the RFD Group started with generally good order books but this had not been maintained as well as the Board would have liked, the chairman told the annual meeting.

Margins were under considerable pressure in several markets and as a result trading profits in the first half year might well be lower than last year.

However, he said, there were signs of an improvement in some parts of the group and it was too early to assume that company's budgeted increase in profits for the full year would not be realised.

ISSUE NEWS

Harris Queensway quote within three months

County Bank is making plans to bring retailer Harris Queensway Group to the market before the end of the year.

A spokesman for the bank said yesterday that the move is still very much in its early stages and ultimately could be affected by the timing of an election and the state of the market. Work on a draft prospectus has only just begun.

When Harris Carpets acquired the troubled Queensway Discount operation just over a year ago for £2m the directors declared the intention to bring the group to the market when the two companies had been successfully knitted together. At the time it was said this could take up to two years.

Harris was founded by its present chairman, Mr. Phil Harris, some 20 years ago when he was only 15 years old. The company's retailing philosophy was founded on selling carpets in volume at low prices.

Six years ago Harris consisted of only 20 shops, but by rapid expansion including acquiring existing chains the group now operates 125 carpet shops and 24 Queensway furnishing and carpet centres.

Harris could have sales around £50m this year and taxable profits may turn out well over £3m.

County Bank was the first to break the ice on the new issue market this year when it made an offer for sale last March on behalf of Saga Holidays to raise £2.2m. That issue was oversubscribed some 12 times.

Since then there has been a few highly successful new issues including Eurotherm, Cartiers, Superfoods and Ernest Jones. All of these were fairly small—Eurotherm being the largest at £2.8m—but the market response was overwhelming with each one attracting well over £100m apiece and Eurotherm topping the list with applications totalling £245m.

£2.5m rights by Candecca Resources

A £2.49M rights issue is in hand by Candecca Resources, an unquoted company with production and exploration licences in Scotland, Yorkshire and the East Midlands.

Terms of the issue of 8.3m shares were 1.4361403 new 10p shares for every one ordinary share held. Warrant holders are also entitled to the new shares.

The funds will enable the company to evaluate its existing discoveries and continue its exploration programme for oil and gas onshore in the UK.

Sceptre Resources, Candecca's former Canadian parent, will not be taking up its rights issue and stockbrokers Panmure Gordon have placed the shares with a number of UK institutions, including merchant banks, investment trusts and pension funds. Sceptre's interest in Candecca is now reduced to 49 per cent.

Dealings in Candecca will be allowed under rule 163(3) as of today.

BIDS AND DEALS

Four Tridant directors agree to offer

Formal documents with the twice increased, and now agreed, £2.7m cash bid for the remaining shares in Tridant Group Printers from Mr. Remo Dipre's private Starwest Investment Holdings have now been despatched. Starwest already holds some 29 per cent of Tridant.

In a letter to Tridant shareholders, Mr. A. M. Carey, who is deputy chairman, says that he and the three other Tridant independent directors, who have been advised by Lazard Brothers, recommend the revised offer, worth 85p for each ordinary share, and will accept it for their own beneficial holding, totalling 3.2 per cent.

Mr. Carey also refers to Chirit Investment, of which he is chairman and a director and which has a 23.1 per cent stake in Tridant of 1.01m shares, including a holding, shown in his name, of 240,335.

Of Chirit's attitude to the bid he says: "Although the ultimate decision rests with those shareholders who control the 1,012,730 ordinary shares of Tridant (23.1 per cent) (which includes my family interest) in which Chirit is interested. I believe that most, if not all, of them will also accept the ordinary offer."

Mr. Carey states that, on the offer becoming unconditional, he will resign all his offices in the Tridant group and that Mr. N. D. M. Mackay, another of the independent directors, will resign as a non-executive director.

ASDA INCREASES HOLDING IN WADES

Associated Dairies which is bidding £5.6m for Wades Departmental Stores now controls 70 per cent of Wades ordinary shares and 44 per cent of the non-voting A shares according to the offer document sent to shareholders yesterday.

Asda had already acquired 55 per cent of the Ordinary shares and 33 per cent of the A shares when the bid was announced. These were bought from the family holdings of Wades president Mr. H. Winstone. Now Wades other directors say that they also intend to accept the offer of 102½p per ordinar yshare and 98p per A share.

The offer document also includes Asda's latest balance sheet which again illustrates the strong cash position of the group which generates around 85 per cent of profits from its superstore chain.

The latest figures show that Asda holds cash, short term deposits and investments totalling £25.3m against borrowings of just over £700,000.

P & O SELLS DUNK ISLAND INTEREST

P & O Australia has sold its 50 per cent interest in the Dunk Island holiday resort and its associated operation Bingil Bay Cruises in North Queensland to Trans-Australia Airlines, making these operations wholly-owned subsidiaries of TAA.

The partners decided that control of management, finance, marketing, administration and reservations should all be handled by one company and it was felt TAA had more to gain from the investments because of the benefit the airline gained from the long-haul carriage of passengers to Dunk Island.

ASSOCIATES DEALS

N. M. Rothschild and Sons on September 14 bought 85,000 Allied Breweries at 87.3p average on behalf of a discretionary investment client. Further transactions in Allied Breweries shares on behalf of discretionary investment clients were carried out as follows:—on August 8 sale of 13,000 shares at 86½p, on August 18 purchase of 135,000 at 83½p; on August 23 purchase of 1,350 at 86p; on September 12 sale of 4,700 at 86½p.

LOWNDES LAMBERT

Lowndes Lambert Group, the insurance broking arm of Hill Samuel, announces that 51 per cent of the equity of its Malaysian subsidiary, Lowndes Lambert Sdn. Bhd., has been acquired by Amanah International Finance Berhad, the investment banking organisation, under a joint participation agreement.

Amanah International Finance is a subsidiary of Komplek Kewangan, a holding company under the control of the Malaysian Public Enterprises Ministry.

The move is in line with the government's policy of fostering indigenous (Bumiputra) participation in international companies operating in Malaysia. It is seen by Lowndes Lambert as a means of expanding its share of the growing Malaysian market for insurance and employee benefits.

NO PROBES

The following proposed mergers are not to be referred to the Monopolies Commission: Birmingham and Midland Counties Trust and Weston Evans Group; Johnson and Firth Brown and Weston Evans Group.

FT Share Service

The following securities have been added to the Share Information Service appearing in the Financial Times:

Clifford and Snell (Section: Electricals).

Geosource Inc. (Section: Overseas-New York).

Hunting Petroleum Services (Section: Oils).

Motorola (Section: Electricals).

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest %	Interest payable	Minimum sum £	Life of bond Year
Barnsley Metro. (0226 203232)	11½	½-year	250	5-7
Knowsley (051 548 6555)	11½	½-year	1,000	6-10
Manchester (236 3377)	10	½-year	500	2
Redbridge (01-478 3020)	11½	½-year	200	5-7
Thurrock (0375 5122)	11	½-year	300	4
Thurrock (0375 5122)	10½	½-year	300	3
Wrekin (0952 505051)	11½	½-year	1,000	5-6

● NEWS ANALYSIS—REKSTEN GROUP

Cutting the Gordian knot of Norwegian shipping

BY CHRISTINE MOIR

SIGHS OF relief are still being heard in world banking circles and the Norwegian shipping, financial and political communities, following Thursday's news from Oslo that not only would state support not to be summarily withdrawn from the Reksten tanker group, but it would be extended for at least another two years.

The deal hammered out between the Norwegian Guarantee Institute for Shipping and Reksten's creditors—the largest being Hambros Bank and the Aker shipbuilding group—extends the umbrella of the institute's protection until at least 1982.

In addition there are contingency plans for partial protection for a further three years or so if Reksten looks convalescent but still delicate by then.

For their part the creditors (including the institute) will assume individual responsibility for the interest on their own separate chunks of Reksten's debts, and between them they will share the costs of laying-up ships if the company cannot generate sufficient cashflow to meet these obligations.

In practice that means that if Reksten is still not covering its operating costs from the end of 1979, each of the commercial creditors will have to roll up the interest on their debts and the institute will have to meet the interest payments on the umbrella loan which has enabled Reksten to meet its interest and layup costs so far.

Relief

For Hambros that is relief indeed. For not only has the fear that the institute might want to pull out of its obligations before the present arrangements expire in 1979 disappeared, but after 1982 the institute will still service the umbrella loan (totalling about £70m, of which only about half has so far been drawn) provided by a consortium headed by Hambros.

Into the bargain, conditions have already improved in the reorganised Reksten group, and the prospect of Hambros having to roll up interest after 1979 now looks slight.

The fleet that is working is already beginning to generate a small surplus over operating costs which, the company forecasts, will begin to meet interest payments by the end of this year.

The fact that the fleet is earning has been crucial to the negotiations in more ways than one. Most commentators believe it to have been the key to the final agreement.

When the negotiations opened some months ago the critical problem was seen as the collapse in the value of the assets underpinning the institute's loan.

The fleet, ageing as it was in the middle of a worldwide slump in tanker values, was almost certainly worth at least 60 per cent less than when the guarantees were given in 1976.

When the Government realised the depth of the slump in tanker values, it put pressure on the institute to activate a clause in its guarantees. This, apparently, allowed it to review its obligations on the basis of a change in the value of the vessels securing its loans.

Hence the long-drawn-out and bitter negotiations—which were made more difficult by partisan and hysterical newspaper leaks and by complex political factors.

Capitalist

Briefly, Left-wing elements in the Cabinet did not want to be seen continuing to support the shipping industry. The Government had had to stop propping up the labour-intensive shipbuilding industry and leave it to the mercies of market forces.

How could it then go on holding an umbrella over shipping operators, who were mostly "capitalist buccaneers?"

It also began to look as if the whole purpose of the institute—to preserve Norway's shipping fleet through a brief, if severe, slump had become impossible to achieve.

As the recession stretched endlessly onwards, it seemed inevitable that ageing ships would end up on the scrapyards. Would it not be more sensible for the State to take its losses now than see them multiply?

In July two important factors caused the Government to step back from the brink of winding up the institute, or cancelling its obligations to Reksten.

Most important was the fear that such a withdrawal might jeopardise Norway's credit rating in international financial circles.

If the institute collapsed, it could seriously affect the relations between even good Norwegian shipping companies and the international banks which supply 80 per cent of the industry's finance. And since shipping accounts for a third of Norway's total foreign debt, t… repercussions might have sprea…

Just as that point was sinki… home, the negotiators came … with a solution to the Gordi… knot. Like Alexander the Gr… they simply cut through t… tangle—a Greek solution w… found both then and now.

First, they said, the wh… principle of keeping Norwa… tanker fleet in tact, was wro… headed. What needed to … done was to keep Norway's sh… ping expertise intact.

Easy step

What did it matter if sh… had to go, so long as the ind… try's technological skills and operating abilities—both hig… regarded worldwide—could c… tinue?

From adopting that princi… it was an easy step to stat… that the values of the ships did… count. Even if the ships w… worth nothing, the recession h… proved that Norway's shipp… experts could make money … of them.

Even in the depths of recession Reksten's ageing … well maintained fleet … winning charters and at ra… which were beginning to look if they would soon co… interest costs as well as ope… ing expenses.

Here was the basis for agr… ment. The creditors wo… share the gamble that the sh… could cover financing costs a… 1979 and the institute would … on preserving the fleet.

In fact, the parties argued, ships were actually better inc… producers than their brand … competitors because their b… rowings were lower and t… could reach break-even on lo… rates than the highly geared … tankers.

This is the approach the Gr… tanker operators have been … playing throughout the re… sion. And, mostly, they h… stayed profitable.

The Greek view won the … The Norwegian Government … treated from the brink of w… ing up the institute. The pr… dent has been set for all … other troubled Norwegian s… ping companies.

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-… years. Interest paid gross, half-yearly. Rates for depos… received not later than 22.9.78.

Terms (years)	3	4	5	6	7	8	9	1…
Interest %	10½	11	11¼	11½	11¾	12	12	1…

Rates for larger amounts on request. Deposits to and furth… information from The Chief Cashier, Finance for Industr… Limited, 91 Waterloo Road, London SE1 8XP (01-928 78… Ext. 177). Cheques payable to "Bank of England, a/c FFI". FFI is the holding company for ICFC and FCI.

Pending dividends timetable

The dates when some of the more important company dividend [an]nouncements may be expected in the next few weeks are given in the [foll]owing table. Dates shown are those of last year's announcements, [exc]ept where the forthcoming board meetings (indicated thus*) [hav]e been officially published. It should be emphasised that the [divi]dends to be declared will not necessarily be at the amounts or [the] per cent shown in the column headed "Announcement last [year]." Preliminary profit figures usually accompany final dividend [an]nouncements.

	Date	Announcement last year		Date	Announcement last year
...	Sept. 29	Int. 4.0313	*Hall Eng'g.	Sept. 21	Int. 2.213
...do Am. Corpn. SA	Oct. 19	Final due	Hambro Life Assce.	Oct. 17	Int. 5.4
...trons Equipment	Oct. 5	Final 1.292	*Harris and Sheldon	Sept. 20	Int. 1.412
...pe. Biscuit	Oct. 11	Int. 1.476	Hawker Siddeley	Oct. 20	Int. 1.8848
...ora	Sept. 19	Int. 1.52	*Highland Dist.	Oct. 23	Final 2.087
...ers	Oct. 3	Int. 1.9274	*Howden (Alex.)	Sept. 28	Int. 1.6
...of Ireland	Nov. 7	Int. 5	*Kleinwort Benson	Sept. 29	Int. 1.65
...Scotland	Sept. 19	Int. 5.445	Laird Group	Sept. 3	Int. 1.46
...low Rd. Gp.	Sept. 18	Finals due	*Laporte Inds.	Sept. 20	Int. 2.768
...gate Dev.	Sept. 26	Final 4.925	Law Land	Sept. 20	Int. 0.5
...im	Sept. 25	Final 1.654	Legal and Genl. Assce.	Sept. 25	Int. 2.087
...rs Wiggins	Oct. 6	Final nil	*Low and Bonar	Sept. 18	Int. 3.35
...ring (C.T.)	Sept. 29	Int. 0.9875	Marks and Spencer	Oct. 19	Int. 1.7
...thorpe	Oct. 11	Int. 0.75	*Menzies (J.)	Sept. 20	Int. 2.327
...ish Home Stores	Oct. 19	Int. 2.9	Mothercare	Oct. 17	Int.
...ton Est.	Sept. 20	Int. 1.2476	Mowlem (J.)	Oct. 6	Int. 1.5
...ke Bond Liebig	Oct. 18	Final 2.988	Pearson (S.)	Oct. 7	Int. 2
...ura Bevers Kent	Sept. 21	Int. 0.74	*Plantation Holdings	Sept. 20	Int. 2.1785
...an Bros.	Sept. 28	Int. 6.5	*Ransomes Sims and Jeff.	Sept. 27	Int. 2.5
...e Inds.	Oct. 3	Int. 2.984	*RMC	Sept. 25	Int. 2.5
...e Discount	Oct. 6	Int. 2	*RTZ	Sept. 20	Int. 3.5
...bined Eng. Stores	Sept. 28	Int. 1.5332	Rockware	Sept. 21	Int. 1.995
...al Leisure	Oct. 13	Int. 5.5	*Rolls-Royce Motors	Sept. 15	Int. 1.84
...rahams	Oct. 12	Int. 1.3666	*Rowntree Mackintosh	Sept. 28	Int. 2.75
...a Metal	Sept. 21	Int. 1.82	Rosco	Sept. 20	Int. 0.5
...	Sept. 20	Int. 2.552	Rugby Port Cement	Oct. 20	Int. 1.369
...nle Steels	Oct. 19	Final 3.286	Scottish Met. Prop.	Oct. 11	Final 1.0434
...inp	Sept. 28	Int. 2.46	*Selection Trust	Sept. 21	Int. 3
...ert	Oct. 19	Int. 1.823	*Senior Engng.	Oct. 16	Int. 0.3835
...7R	Oct. 18	Int. 3	*Simon Eng.	Sept. 16	Int. 2.5
...I	Oct. 5	Final 5.83	Spirax-Sarco	Oct. 12	Int. 2.9937
...le Star	Sept. 29	Int. 3	*Stone Platt	Sept. 21	Int. 2.254
...ern Produce	Sept. 29	Int. 1.92	Swan Hunter	Oct. 11	Final 3.659
...ward Goldstein	Oct. 12	Int. 0.88	*Tarmac	Sept. 25	Int. 3.37
...ire Stores	Oct. 12	Int. 2.22	*Tate and Lyle	Sept. 29	Sec. int. 6.25
...ter Services and Elec.	Sept. 19	Int. 0.1	Utd. Real Prop.	Oct. 18	Final 3.3
...opean Ferries	Sept. 18	Int. 1	*Vickers	Sept. 29	Int. 3.87
...anded Metal	Sept. 19	Int. 1.626	Wadkin	Sept. 20	Int. 1.875
...ts	Sept. 25	Int. 5.413	Wilmot Breeden	Oct. 12	Int. 1.2
...co Minsep	Sept. 27	Int. 1.59	Youghal Carpets	Sept. 9	Int. 2.945
...mans (London)	Oct. 3	Int. 2.42			
...ees Wthr.	Oct. 18	Int. 3.5			
...ard and National	Oct. 13	Int. 4			
...tan Ware	Oct. 4	Int. 1.74			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
	F.P.	31/8	86	71	Cartiers Superfoods	86	......	b2.41	3.1	4.2	7.7
	F.P.	—	10¼	4	Emray	10½	......				
	F.P.	8/9	169	13d	Jones (E.) (Jew'lrs) 10p	164	−4	b5.5	2.1	5.0	14.2

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
	—	15/10	15p	15p	Audiotronic 12% Conv. Prf.	14½p	......
	F.P.	—	100	99¼	Camden Var. Rate Red. 1983	99⅝	......
	£50	15/12	51⅛	50½	Do. 12½% Red. 1985	51¼	......
	nil	—	3½pm	2pm	Hill & Smith 14% 1st Deb. 2000-03	3½pm	......
	F.P.	8/12			Howard & Wyndham 16% Uns. Ln. 86-91	101	......
	F.P.	—	99½	99⅛	Kensington and Chelsea Var. Rate. 1983	99¼	......
		3/11	80	78	Latham James 8% Cum. Pref.	80	......
	F.P.	—	88	82	Monoya 12% Partly Conv. Uns. Ln. '86-'92	82	−3
	F.P.	—	99⅛	99¼	Northampton Var. Rate Red. 1983	99¼	......
	F.P.	1/9	101p	99½	Pitman 10% Cum. Pref.	99½	......
	F.P.	—	99½	98½	Strathclyde Var. Rate 1983	98½	......
	F.P.	—	99⅞	99½	Wandsworth Variable 1983	99½	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	‡	1978 High	1978 Low	Stock	Closing Price p	+ or −
	Nil	19/9	27/10	7pm	4pm	Aaronson Bros.	5½pm	−½
	Nil	22/9	27/10	55pm	42pm	B.T.R.	50pm	−5
	Nil	—	—	40	32	Bank of Montreal	36	−2
	nil	—	—	26pm	24pm	Barlow Rand	25pm	
	F.P.	30/8	24/11	74	71	Blackwood Hodge	70	
	Nil	—	—	11½pm	7½pm	British Printing	11½pm	−½
	Nil	21/9	3/11	22pm	15pm	Chubb	22pm	
	Nil	—	—	20pm	20pm	Cie. Fr. Petroles	20pm	
	Nil	22/9	13/10	15pm	9pm	Dorada	14½pm	−½
	65p	—	—	Nil pm	Nil pm	Globe and Phoenix	Nil pm	
	nil	—	—	10pm	5pm	Hill & Smith	5pm	−2
	Nil	26/9	27/10	14½pm	10pm	Initial Services	14½pm	
	Nil	—	—	2pm	1pm	Kunick Hldgs.	1½pm	
	F.P.	10/8	21/9	96	79	Leech (Wm.)	94	+1
	F.P.	11/9	27/10	92½pm	82½pm	Lex Service	88	−½
	F.P.	21/6	4/10	111	104	Property Partnerships	110	
	nil	—	—	40pm	30pm	Ratners (Jewellers)	38pm	−2
	Nil	—	—	102pm	85pm	Rieardo Eng.	98pm	−4
	Nil	—	—	14	13	Wearwell	14	
	F.P.	25/8	22/9	126	119	Williams J'm's&.3.5% CvCmRdPf	124	−2

[Re]nunciation date usually last day for dealing free of stamp duty. b Figures [based] on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; [cover] based on previous year's earnings. F Dividend and yield based on prospectus [or oth]er official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows [for con]version of shares not now ranking for dividend or ranking only for restricted [divide]nds. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued [by ten]der. ‖ Offered to holders of ordinary shares as a "rights." ** Issued [by wa]y of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in [conne]ction with reorganisation merger or take-over. ‖‖ Introduction. □ Issued [to for]mer preference holders. ■ Allotment letters (or fully-paid). ● Provisional [or part]ly-paid allotment letters. ★ With warrants.

INTL. FINANCIAL AND COMPANY NEWS

HONG KONG ANALYSTS

Asking for more . . .

BY ANTHONY ROWLEY

THE HONG KONG Society of Security Analysts has proposed a number of improvements—some of which it suggests will prove "controversial" in financial reporting standards for companies here.

These include disclosure of directors' interests, disclosure of material interests, treatment of non-recurrent items and other reforms which the society acknowledges "could probably not be introduced without considerable opposition or unwelcome side-effects."

"It is recognised that in the special situation in Hong Kong, where a large number of quoted companies are effectively family-director controlled (share) dealings by directors often represent the making of a market where otherwise no effective market would exist," the society comments.

It suggests that outside shareholders are entitled to make their own assessment of significant movements in directors' shareholdings and that they should be provided with details of all directors' holdings in the company's annual report and accounts to enable them to make such an assessment.

While the society does not consider that the "5 per cent rule" which operated in the UK in relation to the point at which the holdings in the equity of a company should be disclosed is relevant to Kong Kong, it suggests that a level of 10 per cent is appropriate. This would have "some significance in terms of prevailing company law," as the power to acquire a dissenting minority operates at this level.

"Some requirement along the 'acting in concert' provisions of the UK take-over code would probably be necessary if the spirit of this recommendation is not to be evaded."

The society also feels that the present treatment of non-recurring items in the profit and loss account of Hong Kong companies "masks items which are marginal in definition but substantial in impact," such as the sale of ships, aircraft, property where the basic business of the company is not wholly in these fields.

Other potentially controversial recommendations, in the society's view, include disclosure of the basis on which interest has been capitalised, the treatment of foreign exchange differences, and the treatment of share premium account, among others.

In view of the controversy such suggestions are expected to generate, the society of security analysts is suggesting a "step by step" approach to improving financial reporting standards here and has also put forward, as an interim measure, a number of recommendations which it feels would be generally acceptable and which could be implemented without prolonged debate.

Among these are suggestions that stock exchange-listed companies should in future have to provide a "full and descriptive" chairman's statement covering past performance and future prospects, in addition to the rather bland director's reports which many companies here limit themselves to at present.

These "safe" recommendations also touch on companies' disclosure of interests in subsidiaries, details of acquisitions and disposals, publication of parent-company balance sheets, depreciation methods, bases of stock valuation and breakdown of turnover and earnings.

All the proposals have been submitted to the official Commissioner for Securities here. Further and as yet unspecified improvements in financial reporting standards are expected to be recommended soon by the Hong Kong Society of Accountants and by modified stock exchange listing requirements as well as in the Hong Kong Companies Ordinance.

BMW orders stay ahead of production

By Guy Hawtin

FRANKFURT, Sept. 17

BAYERISCHE MOTOREN Werke, the West German quality car manufacturer, is currently sitting on the fattest order book in the concern's history.

The order position to the middle of this month is a good third higher than that of a year earlier, according to Herr Eberhard von Kuenheim, the group's chief executive.

Herr von Kuenheim said that the build-up of the order book had taken place despite a substantial increase in output. The current daily production rate stood at 1,400 units—well ahead of the 1,300 units a day recorded at the beginning of the year.

The inflow of orders were such that production was assured until well into next year, said Herr von Kuenheim. Figures for the first eight months of 1978 showed domestic and export bookings 14 per cent up on the comparable figure for 1977—an increase well above the industry's average.

Cash turnover of the BMW parent concern showed an even steeper increase. Figures to September 13 indicated a turnover of DM3.98bn—23 per cent ahead of sales during the same period of the previous year.

Western, Continental agree on merger

CONTINENTAL AIRLINES and Western Airlines said they have formally entered into an agreement of consolidation, AP-DJ reports from Los Angeles.

The agreement has been approved by the directors of both companies and will be submitted to stockholders of both companies at some future date. The companies said they will apply to the CAB for approval of the merger next week.

Our Financial Staff adds: Both West Coast airlines, Continental and Western, are rated respectively the tenth and eighth largest airlines in the U.S. They confirmed merger talks at the beginning of June.

Margin rules extended

THE NEW YORK stock exchange said that its 75 per cent special initial margin requirements are being extended to the close of business on September 29 on gambling related issues, AP-DJ reports.

The six common stocks affected are Bally Mfg, Caesars World, Harrah's, Playboy Enterprises, Ramada Inns and Del E. Webb.

Meanwhile, the American stock exchange said that beginning at the opening of trading today it has imposed an initial margin requirement of 100 per cent on Resorts International issued and when issued Class A common stock.

The initial margin requirement on the company's issued and when issued Class B common stock remains at 100 per cent.

New suit for Schlitz

PETER HAND Brewing Co., a Chicago brewing concern that closed its doors last month, has filed an antitrust lawsuit against Jos. Schlitz Brewing, reports AP-DJ.

The suit charges that it was forced out of business by illegal marketing practices.

Esso Malaysia upsurge

BY WONG SULONG

KUALA LUMPUR, Sept. 17.

ESSO MALAYSIA Berhad is doubling its interim dividend to shareholders following a sharp increase in its profits for the first half.

Holders of ordinary stock will get an interim dividend of 10 per cent (five per cent previously) while preference stock holders will get an 8 per cent dividend (3 per cent previously).

Esso said its after-tax profit rose from 2.1m Ringgits to 7.3m Ringgits owing to higher production and sales of its petroleum and ammonia.

It also made a substantial gain on foreign exchange on the import of crude oil due to the higher value of the Malaysian Ringgit against the U.S. dollar during the first half of the year.

The company pointed out that profits would even have been higher had it not been for the losses suffered under a long-term contract to supply oil to the National Electricity Board at a fixed price.

However, the contract expired in August and a new agreement with better terms has been negotiated.

Currency, Money and Gold Markets

A matter of interest

Last week saw a sharp contrast in the varying fortunes of some curencies. The Canadian authorities announced an increase of 9¼ per cent from 9 per cent in the bank rate. Designed as a support measure for the Canadian dollar, this move seemed more to underline the official concern over the dollar's recent poor performance.

There appeared to be some speculation as to whether UK authorities were considering a cut in MLRs should the August trade figures prove favourable. They indeed proved favourable, but 12.30 pm on Thursday came and went with no announcement by the Bank of England, and it is not difficult to see why. While it is true that MLR at 10 per cent is some way above money market rates (the latter are currently discounting a rate of 9¼-9½ per cent under the old market related formula) and an inflation rate even lower, it is worth considering the narrowing U.S./UK interest differentials and the likelihood that U.S. rates have not yet reached their peak.

During the recent decline of the dollar, sterling has performed well and it would seem inopportune to rock the boat at this stage, although there are some who would maintain that a slight fall in the exchange rate could be beneficial in the long term.

About six weeks ago, three-month Treasury bills stood at 9⅛ per cent with three-month bank bills at 9½ per cent. The difference now is about ¼ per cent between the former at 8⅞ per cent and the latter at around 9⅛ per cent. Easier conditions in the money market just recently and the prospect of an early election now postponed, have encouraged investors to move into slightly longer periods although it seems inevitable that political fireworks will erupt before long.

At the beginning of the week the U.S. Federal reserve pushed up its target rate for Federal funds to 8⅞ per cent and was followed by many U.S. banks increasing their prime rates from 9¼ per cent to 9½ per cent. The boost in the Fed's target rate came as a surprise to at least some people at the time. However, it seems that the authorities now have more on their plate such as the rate of inflation and unemployment now standing at nearly 6 per cent.

Also Friday's money supply figures for the week up to September 6 on the narrowly defined M-1 basis, showed a $4.7bn rise which virtually ensures a further rise in the target rate to 8¼ per cent.

CURRENCY MOVEMENTS

September 15	Bank of England Index	Morgan Guaranty changes %
Sterling	62.83	−40.6
U.S. dollar	84.23	−9.1
Canadian dollar	80.89	−16.5
Austrian schilling	140.33	+17.6
Belgian franc	111.89	+12.3
Danish krone	114.19	+4.7
Deutsche Mark	142.35	+36.6
Swiss franc	207.93	+98.5
Guilder	120.80	+17.3
French franc	99.13	−4.9
Lira	55.91	−47.0
Yen	153.94	+51.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

GOLD

	Sept. 15	Sept. 14
Gold Bullion (a fine ounce)		
Close	$211¼-212¼	$210¼-211¼
Opening	$210¾-211	$210½-211
Morning fixing	$210.65 (£107.468)	$211.20 (£107.565)
Afternoon fixing	$211.15 (£108.168)	$210.25 (£106.869)
Gold Coins domestically		
Krugerrand	$218¼-220¼ (£111½-112½)	$218-220 (£111½-112½)
New Sovereigns	$61-63 (£31-32)	$64¼-66¼ (£32¾-33¾)
Old Sovereigns	$61-65 (£31-32)	$61-65 (£31-32)
Gold Coins internationally		
Krugerrand	$217½-219½ (£110¾-111¾)	$216½-218½ (£110¼-111¼)
New Sovereigns	$57-59 (£29¼-30¼)	$57-59 (£29¼-30¼)
Old Sovereigns	$61-63 (£31-32)	$61-65 (£31-32)
$20 Eagles	$310½-315½	$308½-311½
$10 Eagles	$162-166	$162-165
$5 Eagles	$115½-116½	$105½-106½

Public Works Loan Board rates

Effective from September 2

Years	Quota loans repaid by EIP†	Quota loans repaid At maturity‡	Quota loans repaid At maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At maturity‡	Non-quota loans A* repaid At maturity§
Up to 5	11½	11⅞	11⅞	12¼	12½	12⅝
Over 5, up to 10	11⅞	12	12¼	12⅝	12¾	13
Over 10, up to 15	12⅛	12¼	12⅜	12⅞	13	13⅛
Over 15, up to 25	12⅜	12⅝	12⅝	13⅛	13¼	13⅜
Over 25	12⅝	12⅝	12⅝	13⅛	13⅜	13⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

THE POUND SPOT / FORWARD AGAINST £

Sept. 15	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7¾	1.9580-1.9625	1.9600-1.9610	0.58-0.48c pm	3.24	1.40-1.30c pm	2.79
Canadian $	9¼	2.2700-2.2815	2.2795-2.2815	0.60-0.50c pm	2.88	1.65-1.55c pm	2.77
Guilder	4½	4.20-4.23	4.20¾-4.21¾	2⅝-1⅝c pm	6.77	7-6 c pm	6.17
Belgian Fr	6	61.00-61.40	61.30-61.40	30-20 c pm	4.91	75-65 c pm	4.58
Danish Kr	8	10.65½-10.71	10.65½-10.66½	1-3 ore dis	−2.25	2-4 ore dis	−1.13
D-Mark	3	3.85-3.90	3.87½-3.88½	3½-2½pf pm	7.78	8½-7½ pf pm	8.38
Port. Esc.	18	88.80-89.68	89.05-89.45	60-150 c dis	−15.45	200-400 c dis	−14.57
Span. Pes.	8	144.50-145.50	144.75-145.85	5-15 c dis	−0.83	15-25 c dis	−5.52
Lira	10½	1,628-1,664	1,630-1,632	par-2 lire dis	−0.74	5-7 lire dis	−1.47
Nrwgn. Kr	7	10.26½-10.31	10.26½-10.27½	2½-1½ ore pm	1.75	3½-1½ ore pm	0.88
French Fr	9½	8.52-8.57	8.55½-8.56½	3½-2½ c pm	4.20	8½-7½ c pm	3.74
Swedish Kr	6½	8.64-8.68	8.65½-8.66½	4-2 ore pm	4.16	9-7 ore pm	3.70
Yen	3½	368-378	371½-376½	3.30-3.05 y pm	10.24	8.85-8.55 y pm	9.32
Austria Sch	4½	27.85-28.25	28.00-28.10	17-7 gro pm	5.13	45-60 gro pm	4.99
Swiss Fr	1	3.10-3.14	3.11½-3.12½	4½-2½ c pm	11.55	9½-8½ c pm	11.06

Belgian rate is for convertible francs. Financial franc 63.10-63.20.

Six-month forward dollar 2.57-2.33c pm. 12-month 4.55-4.75c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

September 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	86.12-86.24	86.12-86.15	0.02c dis-par	−0.26	0.05-0.02c dis	−0.21
Guilder	2.1510-2.1545	2.1510-2.1530	0.78-0.73c pm	4.26	1.95-1.90c pm	3.55
Belgian Fr	31.22-31.25	31.22-31.24	6-5c pm	2.24	15½-14c pm	1.89
Danish Kr	5.4520-5.4640	5.4520-5.4540	—		—	
D-Mark	1.9810-1.9850	1.9815-1.9825	0.90-0.85pf pm	5.29	2.80-2.75pf pm	5.55
Port. Es	—	45.50-45.70	—		—	
Lira	831.90-832.60	831.90-832.20	2.50-2.90lire dis	−3.60	7.35-8.10lire dis	−3.39
Nrwgn. Kr	5.2500-5.2555	5.2500-5.2520	—		—	
French Fr	4.3485-4.3670	4.3485-4.3510	0.57-0.47c pm	1.28	1.20-1.10c pm	0.88
Swedish Kr	4.4210-4.4335	4.4250-4.4270	—		—	
Yen	189.95-190.40	189.95-190.10	1.17-1.07y pm	7.12	3.18-3.08y pm	6.44
Austria Sch	—	14.3425-14.3525	—		—	
Swiss Fr	1.5930-1.5960	1.5935-1.5955	1.12-1.06c pm	8.43	3.38-3.34c pm	8.51

* U.S. cents per Canadian $.

OTHER MARKETS

Sept. 15	£	$		£ Note Rates
Argentina Peso	1,661-1,666	847.235-849.275	Austria	27.50-28.50
Australia Dollar	1.6980-1.7030	0.8661-0.8687	Belgium	62.60-63.60
Finland Markka	7.99-8.01	4.0825-4.0845	Denmark	10.60-10.75
Brazil Cruzeiro	36.34-37.34	18.536-19.046	France	8.48-8.58
Greece Drachma	71.827-73.583	36.637-37.533	Germany	3.84-3.94
Hong Kong Dollar	9.29-9.31¾	4.746-4.7510	Italy	1610-1660
Iran Rial	134-140	68.350-71.410	Japan	370-380
Kuwait Dinar (KD)	0.529-0.539	0.2698-0.2749	Netherlands	4.15-4.25
Luxembourg Franc	61.00-61.10	31.115-31.166	Norway	10.23-10.33
Malaysia Dollar	4.4975-4.5125	2.2970-2.3020	Portugal	86-96
New Zealand Dollar	1.8520-1.8590	0.9447-0.9482	Spain	143-147½
Saudi Arabia Riyal	6.46-6.56	3.2951-3.3461	Switzerland	3.10-3.20
Singapore Dollar	4.40-4.41½	2.2490-2.2510	United States	1.9575-1.9660
South African Rand	1.6914-1.7174	0.8627-0.8760	Yugoslavia	38.0-41.0

Rate given for Argentina is free rate.

EURO-CURRENCY INTEREST RATES*

Sept. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11⅝-11⅞	8⅜-8⅝	8¼-9¼	4⅜-4⅝	[illegible]	[illegible]	7¼-7½	9-13		[illegible]
7 day's notice	12¼-12½	8½-8¾	8¼-9¼	4⅜-4⅝	[illegible]	[illegible]	7¼-7½	12¼-13¼	8⅝-8¾	[illegible]
Month	11¾-12¼	8¾-9	8⅝-9	[illegible]	[illegible]	[illegible]	7⅝-8⅛	12¼-13¼	[illegible]	[illegible]
Three months	12-12⅜	9-9¼	9⅛-9½	[illegible]	[illegible]	[illegible]	8⅛-8⅝	13½-15½	[illegible]	2¼-2⅝
Six months	12⅛-12½	9¼-9½	9⅜-9⅝	6-6¼	1-1⅛	[illegible]	9-9¼	12¾-15¾	[illegible]	[illegible]
One year	12⅛-12½	9⅜-9⅝	9½-9⅞	6⅛-6⅜	1½-1⅝	3¾-3⅞	9½-9¾	13½-14½	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.70-8.60 per cent; three months 9.00-9.10 per cent; six months 9.10-9.20 per cent; one year 9.15-9.25 per cent.

Long-term Eurodollar deposits: two years 9¼-9½ per cent; three years 9⁵⁄₁₆-9⁷⁄₁₆ per cent; four years 9¼-9½ per cent; five years 9¼-9½ per cent nominal closing rate. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

MONEY RATES

NEW YORK

Prime Rate	9.5
Fed Funds	8.375
Treasury Bills (13-week)	7.86
Treasury Bills (26-week)	7.95

GERMANY

Discount Rate	3
Overnight	3.525
One month	3.625
Three months	3.7
Six months	4.225

FRANCE

Discount Rate	9.5
Overnight	7.375
One month	7.25
Three months	7.4375
Six months	7.6875

JAPAN

Discount Rate	3.5
Call (unconditional)	4.375
Bills Discount Rate	4.625

LONDON MONEY RATES

Sept. 15 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8¾-12	—	—	—	10-10¼	8¾-9⅞	—	—	—
2 days notice	—	—	9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10-10¼	—	—	—	—
7 days notice	—	9-9⅛	9	—	9½	—	8¾-9⅛	—	—	—
One month	9¼-9	9-9¼	9-9⅛	9⅜-9⅝	9¾	10-10¼	8¾-8⅞	[illegible]	9-9½	9½
Two months	9¼-9⅛	9⅛-9¼	—	9¼-9½	9¾	—	8⅞-9	8⅞	9-9½	9½
Three months	9¼-9⅛	9⅛-9¼	9¼	9-9¼	9⅞	10⅛	9	8⅞-8¾	9-9½	9½
Six months	9½-9⅜	9½-9⅝	9⅝	9½-9¾	10⅛	—	—	—	9¼-9⅜	9⅝
Nine months	9⅝-9½	9⅝-9⅞	—	9⅝-9⅞	10¼	—	—	—	—	—
One year	9⅞-9¾	9⅞-10	9⅞-9⅞	9¾-10	10⅜	—	—	—	—	—
Two years	—	—	10⅛-10⅜	—	—	—	—	—	—	—

Approximate selling rates for one-month Treasury bills 8¹¹⁄₁₆ per cent; and two-month 8⅞ per cent; three-month 8¹³⁄₁₆-8²⁷⁄₃₂ per cent. Approximate selling rate for one-month bank bills 9¹⁄₃₂ per cent; two-month 9¹⁄₃₂-9³⁄₃₂ per cent; and three-month 9¹⁄₁₆-9³⁄₃₂ per cent. One-month trading bills 9⅝ per cent; two-month 9⅝ per cent; and also three-month 9⅝ per cent.

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 12 per cent; five years 12¼-12½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9⁷⁄₃₂-9¼ per cent; four-month trade bills 9⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from September 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.8478.

MINING NOTEBOOK

Pancontinental foiled again

BY LODESTAR

POOR OLD Pancontinental. It is once again being bedevilled by political expediency. In its anxiety to get the Ranger uranium project off the ground the Australian Government has gone back on its decision to let Pancontinental go ahead with the vital road extension from the Arnhem Highway to the Jabiluka mine site in order to placate the Aboriginal interests which were threatening to block the start of construction at Ranger.

This would have meant a delay until the onset of next year's dry season in the Northern Territory. So Pancontinental shares drifted back to £12 in London. At this level they look more of a "buy" than a "sell" if only because, Aboriginal opposition or no, the Government is not likely to let the country's biggest uranium find lie idle in the ground.

Now that it has got Ranger on the way, as reported in Saturday's paper, opinion in Canberra is that the road project will once again be given the go-ahead. But Pancontinental may now have to wait until next year for actual mining permission.

Meanwhile, the latest story to come out of Australia is that the exploration tempo is being stepped up by means of information gathered by satellite with the resultant data being analysed by computer. This, it is claimed, will greatly simplify the pinpointing of drilling targets.

One prospect that has already turned up through such an exercise is said to be a uranium deposit in Western Australia that could be "bigger than Western Mining's Yeelirrie." Western Mining shares, discussed here recently, continue to behave well, having at 163p nearly doubled in price this year.

Australia is not the only country in which uranium miners have numerous obstacles to overcome. Over in Canada Mr. G. R. Albino, president of the RTZ group's Rio Algom offshoot, has been stressing the many regulatory proceedings that have to be gone through there.

"We require siting approvals for the mine, mill and tailing facilities. We require development approvals covering mine development, mill design, construction and waste disposal designs. We require an operating licence for the mine-mill and waste containment systems and upon shutdown we require approval for abandonment of the operation."

He added that, apart from the Atomic Energy Control Act, Rio Algom is also regulated by the Federal Fisheries Act and the Navigable Waters Act! Not that all this is throwing much of a damper on the company's uranium expansion plans. Mr Albino is already envisaging the re-activation during the 1980s of further Elliot Lake mines although much will depend on "our obtaining customers and being able to finance the capital cost."

Rio Algom shares are adding lustre to the RTZ spectrum. At $36½ in Toronto they are not far short of their 1978 high. Another shooting star in the RTZ firmament is Conzinc Riotinto of Australia the shares of which, despite some uninspiring half-yearly results, have also been soaring upwards illuminated by the sparkle from diamonds.

Friday's Sydney price of $3.65 compares with a February low of $1.79 and with around $2.20 before the diamond excitement really came to the boil. Now it only takes a report that a single diamond has been found to spark off a rush for the shares of the many minor satellites that are galloping around pegging ground almost willy-nilly. To put this sort of thing in perspective, the first diamond was discovered in Australia over 80 years ago but the country still has no diamond mine.

Australian brokers Ord Minnett reckon that fundamental criteria only justify a price of $2.20 for CRA. The balance represents the diamond froth which means they argue that the Ashton venture in Western Australia's Kimberley region already has a valuation placed on it of $880m (£519m).

This sort of calculation certainly makes Northern Mining with its 5 per cent stake look the cheapest way in, although a riskier one, because if Ashton proves a failure, which it could still well do, then Northern Mining would revert to being little more than an iron ore mining hopeful.

Ord Minnett's verdict on CRA is that the shares are "far too highly priced on any fundamental criteria" and are thus "suitable for market speculators only."

An opposing view comes from London brokers Laing and Cruickshank. This is that if diamonds do not prove a commercial proposition at Ashton this is unlikely to be finally established until 1980 or later. By that time CRA's "outstanding investments in copper, gold, bauxite, iron ore etc. will be reaping fabulous profits." So "investors must win either way."

As an each-way bet, of course, the answer to the enigma is to buy RTZ, particularly if they dip following the lower half-year results which are now imminent.

Selection Trust

The shares of one of this column's favourites, London's Selection Trust, have been forging ahead. This group is also on the Aussie diamond trail. But, as discussed here at length last Monday, the latest boost has come from Standard Oil of California's bid for Amax in which Seltrust has an 8.3 per cent stake.

I am reminded by readers that Seltrust's merits were always extolled here whenever the shares were 400p. So what now they ask when they are over 500p. The answer is that at above this level there is a profit that looks to be worth taking.

There is, of course, a chance that Socal will raise its bid for Amax in which case Seltrust could still have some steam left in them. But if Socal decides not to go ahead in view of the Amax Board's opposition or if the bid runs foul of U.S. antitrust legislation then the shares could fall back as rapidly as they have been rushed up.

The chances of a fillip coming from Seltrust's Australian diamond search look remote enough to be ignored as a market factor at this very early exploratory stage.

INSURANCE

Difficulties ahead in harmonising law

BY OUR INSURANCE CORRESPONDENT

Brussels have been working for some time on the production of a directive on the harmonisation of insurance contract laws.

The current draft is in the hands of the Law Commission, and the Lord Chancellor has asked the commissioners to produce a working paper with recommendations in the next few weeks so that the insurance industry and other interested parties can comment before the next round of negotiations in Brussels.

Harmonisation of insurance contract law is not the only insurance matter being considered in legal and insurance circles on both sides of the Channel.

In the EEC legislative factory, a draft directive has been assembled to deal with freedom of services for non-life insurance business, and many of the finer points are likely to remain the subject of discussion for a long while yet.

No one cares to predict at this stage a date when the discussions will cease and the services directive, as it is now known, will be agreed. Even at that stage, if past practice is observed, member states will have two years to incorporate it into their respective legal systems. So the services directive may not be part of our UK law before 1982.

Convention

Concurrently with work on this services directive, other discussions are proceeding on a draft convention on the law applicable to contractural obligations.

Perhaps the first point to note is that this convention is to apply to all contractural obligations and not just to insurance contracts.

Another is that the convention is to apply to contracts which are not exclusively concerned with EEC nationals, their business and property, so that the convention has potential worldwide scope.

Perhaps more important from some aspects is that a convention is different from a directive, because it is not mandatory—so that, once the details of the convention are agreed, it will still not be obligatory for the UK to ratify it, although indeed, ratification does seem to be the inevitable logical consequence.

Both the draft services directive and the draft obligations convention as they stand at present have provisions which will deal with what lawyers call "choice of law" rules, in contracts with an international aspect. At present, because these draft instruments are being produced by different groups of European civil servants, there is a lack of consistency of approach.

In the insurance contracts, suppose a German manufacturer buys transit cover for his exports to Australia here in London, however not from a British insurer but from an American-based company.

In the event of dispute over terms conditions and so on, should German, British or American law apply to the contract? This is the kind of problem that choice of law rules are supposed to solve.

British courts

Over the years, English and Scottish courts—and, for that matter, courts elsewhere—have developed a number of rules to determine choice of law problems. English lawyers by and large favour finding what is "the proper law of the contract," the law most closely related to the transaction having regard to all its features.

But there are other solutions, for example, to apply the law of the "forum" (the law of the country where a court happens to be), the law of the "situs" in the case of land and other immovables, or the law of the place of one or other contracting parties' habitual residence.

It is possible to employ some of these solutions to a range of situations so that in practice there is not one same solution for all problems.

Simplicity

What British insurers will surely want above all else is simplicity and certainty—one set of rules applying to all contracts, life and non-life and whether those are strictly EEC contracts, or have wider ramifications.

So, if the obligations convention is likely to be the first of these two instruments, so to speak, to get past the post, then it is desirable for the British negotiators to get clear rules enunciated in the convention, and subsequently when the services directive is under discussion to get those same rules embodied within the directive.

The road ahead is by no means easy, and insurers, with British lawyers and government negotiators, will need to develop a considerable unanimity of purpose if the twin objects of simplicity and certainty in choice of law rules is to be achieved.

APPOINTMENTS

Senior posts at Bridon

Mr. J. W. Naylor has become a managing director of BRIDON. He is managing director of British Ropes and was appointed managing director of Bridon Wire on January 1, 1978. Mr. Naylor now takes overall responsibility for the following principal business activities of the group in the UK and Europe: wire, wire rope and the marketing of marine fibre rope. Mr. G. J. Beswick, Mr. R. L. Henry and Mr. G. E. Saavedra have joined the main Board of Bridon. Mr. Beswick became group financial controller on May 1 this year and is a member of the executive committee. Mr. Henry was made zonal executive for North America on July 21, 1978. He is chairman, president and chief executive officer of Wire Rope Industries and vice-chairman and chief executive officer of Bridon American Corporation. Mr. Saavedra has been zonal executive for Latin America since 1970. He is chairman of Camesa SA.

Mr. J. W. Naylor

★

Mr. K. East, who will take up his appointment as joint managing director of EMI Music Operations on October 1, has also been appointed a divisional director of EMI from that date. Following the recent acquisition by EMI of the Universal Parking Meter Company, Mr. A. P. Mayhead, Mr. A. Sedgwick, Mr. D. J. George and Mr. D. S. Jackson have joined the UPM Board.

★

Mr. Brian Nicholls has been appointed to the Board of JOHN BROWN ENGINEERING (CLYDEBANK) as an executive director, and also to the Board of JBE's subsidiary John Brown Engineering Gas Turbines, as director and general manager of sales and development. For the past three years, Mr. Nicholls has been seconded to the Government as industrial adviser to the Department of Trade. Mr. Alastair J. Forsyth has joined the Board of JBE as an executive director. He is at present director and general manager of operations at John Brown Engineering Gas Turbines.

★

Mr. Dick Tracey, former BBC Current Affairs presenter, is to be the new public relations adviser to the BRITISH FIELD SPORTS SOCIETY from October 2.

★

Mr. G. R. A. Metcalfe has resigned from the Board of ADVANCE LAUNDRIES having been a director since June, 1970.

★

Mr. Paul Newson has been appointed manager of the West End branch in Brook Street, London, of BANK HAPOALIM BM. Previously, Mr. Newson was for three years senior assistant manager of the Moorgate branch of the National Westminster Bank.

★

Mr. Michael Broadhead has become the new marketing and sales director of FARMER'S TABLE POULTRY, a subsidiary of the FITCH LOVELL GROUP.

★

Mr. V. R. Cusack has been appointed to the board of NOYES BROS PTY, New South Wales, Australia, as director/general manager, engineering group. Mr. R. M. Kington has joined the Board of R. A. LISTER, NEW ZEALAND, Auckland, as director and general manager. Both companies are members of the Hawker Siddeley group.

★

Lieutenant-General Sir Hugh Cunningham and Mr. Hugh Lang have joined the Board of FAIREY HOLDINGS as non-executive directors. Sir Hugh from 1976 was Deputy Chief of Defence Staff (Operational Requirements). Mr. Lang is group chief executive of the P-E Consulting Group.

★

Dame Elizabeth Ackroyd has been appointed chairman of the newly-formed Post Office Advisory Committee, sponsored by the City of Westminster Chamber of Commerce, for the London W1 postal district.

Businessman's Diary

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	MAB International-Menswear Fair (cl. Sep. 20)	Earls Court
18—20	14th World Congress for Fat Research Exbn.	Brighton Exbn. Centre
18—21	European Conf. of Rehabilitation International and National Aids for the Disabled Exhibition	Brighton Centre and Hotel Metropole
19—21	First Int. Conf. and Exbn. on Isostatic Pressing	Loughborough
19—21	Firefighting and Prevention Exhibition	Eastbourne
20—25	Hi-Fi 78 Exhibition	Cunard International Htl., W6
24—27	International Garden and Leisure Exhibition	Nat. Exbn. Centre, Birm'ham
25—29	Furnaces, Refractories, Heat Treatment and Fuel Economy Exhibition and Symposium	Nat. Exbn. Centre, Birm'ham
25—29	International Broadcasting Conv. and Exbn.	Wembley Conf. Centre
26—28	Mailing Efficiency Exhibition	Bloomsbury Centre Hotel
28	Petroleum Equipment Exhibition	Treetops Hotel, Aberdeen
2—7	Int. Production Engineering & Productivity Exbn.	Olympia
3—4	Electronic Instruments Exhibition	Eurocrest Hotel, Runcorn
3—6	London Business Show	Cunard International Htl., W6
7—9	National Shoe Repair Exhibition	Harrogate
7—10	Salon International (Hairdressing)	Wembley Conf. Centre
24—26	Environmental Health Exhibition	Bournemouth
24—27	London Business Equipment Exhibition	Cunard International Htl., W6
24—27	European Offshore Petroleum Conference and Exhibition	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Engineering Fair (cl. Sep. 21)	Brno
Current	International Autumn Fair (cl. Sep. 24)	Zagreb
19—21	Electro-Optics Exhibition	Boston, Mass.
19—22	Coffee Symposium and Trade Fair	Montreaux
19—Oct. 1	International Trade Fair	Tehran
20—29	SICOB (Office data processing communication and organisation)	Paris
22—25	Exhibition and Trade Fair of the Turkish Textile and Ready-to-Wear Industry	Basle
24—27	Quojem: Hardware Trades Exhibition for retailers, wholesalers and manufacturers	Paris
27—29	Toy Show	Dallas
28—Oct. 8	Caravan Exhibition	Paris
1—15	International Trade Fair	Baghdad
2—6	MIDEST 78 (Industrial Exhibition)	Toulouse
5—14	International Trade Fair	Bucharest
5—15	Motor Show	Paris
6—10	Summer Fashion Show	Nice
10—13	Fourth European Electro-Optics Conf. and Exbn.	Utrecht
12—23	USSR Scientific Research Equipment Exbn.	Moscow
15—22	International Wine Fair	Verona

BUSINESS AND MANAGEMENT CONFERENCES

19—20	D.C. Consultants: Fire Safety Workshop; Energy Conservation & Thermal Insulation	London
19—20	Management Centre Europe: Top Management Forum—speakers include Prof. J. K. Galbraith	Sheraton, Copenhagen
19—20	Bradford Univ.: Introducing Corporate Planning	Bradford
19—20	Anthony Skinner Management: Supplier Quality Assurance	Piccadilly Hotel, W1
19—20	Brit. Inst. of Management: Rapid and Efficient Reading	Parker Street, WC2
25—27	Offshore Centre: European Offshore Industry Export Conference	Connaught Rooms, WC2
25—27	International Affiliation of Planning Societies/European Planning Fedn.: Seventh World Planning Congress	Dorchester Hotel, W1
26	Brit. Council of Productivity Assocns: Unfair Dismissal	Waldorf Hotel
27	Continental Conferences: A seminar on leasing	Greenwood Conf. Theatre, London, SE1
27	Oyez: Communicating the Company Performance. Speakers include Michael Lafferty, Financial Times	Carlton Tower, SW1
28—29	Risk Research Group: Captive Insurance Companies—Establishment, operation and management	Royal Garden Hotel, London
28	Assocn. of Franchised Distributors of Electronic Components: Electronic Marketing '78	Café Royal, London
28	Brit. Institute of Management: Pay and Productivity	London Hilton
3	Abacus Conferences: Using Industrial Design Copyright to the best advantage	Kensington Palace Hotel, London
4—5	Anthony Skinner Management: Fraud—Detection and Prevention	Piccadilly Hotel, London
9	Brit. Council of Productivity Assocns.: Contracts of Employment	Waldorf Hotel, London
17	Institute of Marketing: How to Manage Salesmen for More Profitable Selling	Royal Garden Hotel, Kensington
18	Henley Centre for Forecasting: Planning Consumer Markets	Carlton Tower Hotel

CONTRACTS

£1m computer for Thames Water

Thames Water Authority has ordered a £1m 1904S computer from INTERNATIONAL COMPUTERS. It will replace the present machine at the Authority's computer centre in Reading, providing on-line scientific, engineering and financial services to most of the Authority's divisions, including monitoring pollution.

★

CHESHIRE FIRE ENGINEERING, Winsford, has received an order for three hydraulic platform units from the Greater London Council for the London Fire Brigade. It follows an order for 21 pump escape units and brings the total value of London Fire Brigade orders to about £1m.

★

In a £250,000 contract HADEN YOUNG is to provide heating, ventilating, hot and cold water, gas, rain-water disposal, underground drainage and hose-reel services to a new social services centre for women to be run by the Salvation Army in Whitechapel, London E1.

★

MARCONI AVIONICS (a GEC-Marconi Electronics company) has been chosen by the Ministry of Defence (Procurement Executive) to carry out project definition for the acoustic processing system of the Royal Navy's Sea King replacement helicopter. Earlier this year, the company was also chosen to supply the LAPADS (lightweight acoustic processing and display system) for installation on Sea King helicopters.

Marconi Avionics has also won an order to supply the control sensors unit for the new Sting Ray lightweight torpedo. The contract, placed by the main contractor to the Ministry of Defence for the weapon, Marconi Space and Defence Systems, is for the trials and pre-production phase.

★

ROBERT WATSON AND CO. (STEELWORK), Bristol, is supplying and erecting structural steelwork worth £1m in Medhursts department store at Bromley, now being refurbished by Bovis Construction.

TEL AVIV STOCK EXCHANGE

Company	Prices Sept. 17 1978	Change on the week
Banking, Insurance and Finance		
Bank Leumi le-Israel	404	− 1.5
I.D.B. Bankholding	415	+ 3
Bank Hapoalim B.M.	451	+ 1
Un. Bk. of Israel B.M.	540	−42
United Mizrahi Bank	232	−12
Hassneh Insur. B.M.	437	−21
Gen. Mort. Bk. B.M.	492	−28
"Tefahot" Israel Mort. Bk.	588	−84
Land Development		
Africa Israel Inv. (IL10)	1,170	−20
Israel Land Dev. B.M.	263	−37
Property and Building	356	−29
Public Utility		
Israel Electric Corp.	345	− 5
Investment Companies		
Bank Leumi Invest.	420	−34
"Clal" Israel Inv.	410	−28
Commercial and Industrial		
Alliance Tyre and Rbr.	1,400	−40
Elco B.M.	328	−21
Argaman Textile B.M.	287	+17
"Ata" Textile "B"	216	− 4
Amer. Israeli Ppr. Mills	389	−157
Assis	390	−20
Elite	457	−13
Teva Reg.	697	−39
Fuel and Oil		
Delek	266	−28

Source: Bank Leumi le Israel B.M.

SINGAPORE

Sept. 15	$	Sept. 15	$
Industrials		Straits Trad'g	6.16
Boris	0.75	Times Pub. Berhad	3.30
Boustead Co.	2.25	C. Engineers	1.70
Boustead Bhd.	3.16	U. Ov's Bk.	4.30
Dunlop	4.88xd	Wearnes	3.80
Fraser Neave	6.10	Tractors	5.40
Haw Par	2.21	Chemical	4.85
Hume Ind.	2.06	Wilin Jacks.	1.65
Inchcape	2.32	**Rubbers**	
Malay Brew.	6.70	Batu Lintang	—
Malay Cemt.	—	Dunlop Estate	4.00
Met. Bx. Sing.	—	Kempas	3.88
Ov's-Chin. Bk.	10.30		
Pan Electric	2.90		
Robinson Co.	2.96	**Tins**	
Rothmans	4.72	Austral. Am.	—
Shell	3.06	Berjuntai	8.10
Sime Darby	3.88	Kampar	—
Cold Storage	3.06	Kuchai	—
Straits Steam	2.73	Lower Perak	—
Straits Times (1975) Ltd.	7.50	Petaling Tin	1.40/1.70
		Supreme Cp.	2.49
		Tongkah Har.	—

OVERSEAS MARKETS

INTERNATIONAL BONDS

BY MARY CAMPBELL

Paradox in the dollar sector

FOR THE dollar bond market, last week's developments should in theory have been uniformly gloomy.

The dollar fell on the foreign exchange markets in nervous trading—from DM 2.0015 on September 7 to DM 1.9762 last Friday and from SwFr 1.6300 to SwFr 1.5925.

Eurodollar interest rates rose a good quarter of a point. Five-year Eurodollar deposits are yielding noticeably more than five-year Eurobonds by issuers of less than top quality—indeed one can get about as much on a three-month Eurodollar deposit as on a five-year bond. At the end of last week, U.S. interest rates moved up sharply and in the wake of last Thursday's big rise in the weekly U.S. money supply figures a decision further to tighten U.S. rates is expected at this Tuesday's monthly meeting of the U.S. Federal Reserve's open market committee.

Yet such is the weight of liquidity—not least from coupon payments and bond redemptions—that these developments, which were apparent well before the end of last week, had no effect. Attempts by dealers to push prices down as each piece of bad news emerged were quickly reversed by buying pressure.

Despite the weak market rationale many dealers wish there were more new issues to mop up demand.

The D-mark sector, meanwhile, continues extremely strong, buoyed by a combination of coupon payments and redemptions (and payments on premature redemptions) as well as currency factors and the strength of the domestic market. Many recent issues are quoted well above par.

There remains a big difference in demand according to the quality of the borrower and many were worried about the number of less developed country issues included in the latest monthly calendar.

As expected, the French franc sector is reopening with its first issue in 2½ years. An issue, normally of not more than FFr 150m with a maturity of five-10 years, is expected each month for an observation period to run until the end of the year. If all goes well, the issue volume will then move into higher gear.

At all costs the French want to avoid the debacle experienced in the Eurosterling bond market earlier this year due to too many issues too fast.

The one market which is languishing at present is the Japanese foreign bond market where several issues have been cancelled or postponed by borrowers until currency and/or interest rate trends are clearer.

* * *

New data on the international bond markets as a whole (that is, including foreign bonds), show just how far the dollar's importance has declined this year. The data are to be found in the World Bank's annual report. They show that new issue activity was higher in the first half of this year than it had been in the first half of 1977—up at $18.8bn instead of $17.5bn. Foreign bond issues on New York (including issues by Canadian borrowers) were $3.6bn and dollar denominated bond issues outside the U.S. were $4.6bn. Thus the U.S. dollar accounted for only 44 per cent of all international bond issues.

The fall in importance is all the more surprising given the surge in floating rate note offerings this year.

The fastest growing significant market was the yen, where foreign bond issues worth $2.3bn were arranged—over 20 times the first-half 1977 figure. In little more than a year the yen became almost as important a currency in the international bond market as the Swiss franc—which accounted for $2.5bn of new issues (more than in the first half of 1977). It is not surprising that the logistics of the yen market have failed to keep up.

* * *

There has been some confusion in the last week over the purpose for which El Salvador wants its $25m FRN. The note issue is part of a financing which will amount to at least $75m and could go up to $100m, the rest of the money being sought in a syndicated loan arranged by Citicorp International and Bank America.

Although the FRN prospectus makes it clear that much of government expenditure in the current development plan, for which the money is wanted, will be on social welfare projects, it is understood that El Salvador has assured BNP, the lead manager of the current issue, that the proceeds of this issue will be spent on other projects in the plan.

Meanwhile, due to heavy demand, Union Bank of Switzerland said on Friday that the coupon on the Intershop issue will be set below the 5¾ per cent level originally indicated.

* * *

The latest information on Mexican Eurocurrency syndicated loans suggests that margins on Mexican borrowing are continuing to fall William Chislett reports from Mexico City. SOMEX, a government-owned financial institution formed recently from several banks, is in the process of awarding a mandate for a $225m seven-year loan offering a margin over inter-bank rates of ¾ per cent. SOMEX has hardly yet completed a $25m five-year loan carrying a margin of one per cent.

BONDTRADE INDEX AND YIELD

	September 15		September 8		1978 High	1978 Low
Medium term	98.91	8.11	98.86	8.12	99.84 (19/4)	98.24 (6/9)
Long term	93.81	8.74	92.82	8.77	94.07 (19/4)	92.50 (29/6)

EUROBOND TURNOVER (nominal value in $m)

	U.S. dollar bonds last week	U.S. dollar bonds previous week	Other bonds last week	Other bonds previous week
Euroclear	1,029.2	907.5	420.7	289.9
Cedel	283.4	314.5	241.0	154.0

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life Years	Coupon %	Price	Lead Manager
U.S. DOLLARS						
††Finland	100	1988	10	*	*	Goldman Sachs
‡Hospital Corp. America	25	1983	5	9	100	Salomon
‡†Enpetrol	25	1986	8	7‖	100	BTI, European Banking
†Sundsvallsbanken	20	1985	7	6‖	100	CSFB
†El Salvador	25	1983	5	8‖	*	BNP
§Intershop	*	1990	¶	5¾	*	UBS (Securities)
††EIB	75	1986	8	*	*	Kuhn, Loeb, Lehman Bros.
††EIB	125	1998	15.05	*	*	Kuhn, Loeb, Lehman Bros.
Itel	25	1990	9	9½	*	Kidder, Peabody Int.
†Arab Malaysian Dev. Bk.	20	1983	5	7½‖	*	ADIC
†Oesterreichische Kontr.bk (g'teed Austria)	50	1988/93	—	5¼‖	*	European Banking, Orion
D-MARKS						
‡§Stanley Elect.	40	1985	—	3½	100	Dresdner Bank
‡Petrobras	100	1988	8	7	100	WestLB
‡EIB	300	1990	9.6	6	99½	Deutsche Bank
§Konishiroku Photo Ind.	60	1985	—	3½	100	WestLB
‡**S.A. Oil Fund (g'teed S. Africa)	20	1982	4	7½	100	Bay. Vereinsbank
**Toyo Rubber (g'teed Long Term Cr. Bk.)	30	1983	5	5½	*	Commerzbank
Indonesia	100	1984	6	7	*	Dresdner Bank
SWISS FRANCS						
BankAmerica Corp.	80	1993	n.a.	3½	100	UBS
FRENCH FRANCS						
EIB	200	1988	¶	9½	*	CCF
KUWAITI DINARS						
Dev. Bk. of Philippines (g'teed Philippines)	7	1985/90	—	8½	*	KIIC, ADIC, Merrill Lynch Int.
UNITS OF ACCOUNT						
Panama	20	1993	12	8½	*	Kredietbank Lux., First Chicago

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ‖ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase fund. Note: Yields are calculated on AIBD basis.

Indices

NEW YORK—DOW JONES

	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 11	Sept. 8	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	878.55	887.04	839.60	905.44	907.74	907.74	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.54	89.47	88.45	89.55	88.43	89.41	90.88 (4/1)	85.75 (11/7)	—	—
Transport	250.73	255.51	257.21	258.06	260.62	261.49	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.43	106.76	107.48	107.58	107.75	107.92	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	57,290	47,400	45,540	54,400	59,670	42,170	—	—	—	—

* Basis of Index changed from August 24

	Sept. 8	Sept. 1	Aug. 25	Year ago approx.
Ind. div. yield %	5.21	5.38	5.26	5.25

STANDARD AND POORS

	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 11	Sept. 8	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	115.32	115.51	117.84	118.71	118.67	118.48	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	104.12	105.10	106.34	106.95	106.96	106.75	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Sept. 13	Sept. 6	Aug. 30	Year ago (approx.)
Ind. div. yield %	4.65	4.67	4.76	4.60
Ind. P/E Ratio	9.88	10.08	9.89	9.56
Long Gov. Bond yield	8.33	8.37	8.42	7.58

N.Y.S.E. ALL COMMON

Sept. 15	Sept. 14	Sept. 13	Sept. 12	1978 High	1978 Low
58.87	58.57	60.06	60.58	60.58 (11/9)	48.37 (6/3)

Rises and Falls

	Sept. 15	Sept. 14	Sept. 13
Issues traded	1,921	1,920	1,940
Rises	369	366	702
Falls	1,188	1,207	860
Unchanged	364	347	378
New Highs	—	—	175
New Lows	—	—	3

		Sept. 15	Sept. 14	Sept. 13	Sept. 12	1978 High	1978 Low
MONTREAL	Industrial	(u)	(u)	(u)	211.52	211.56 (11/9)	162.98 (16/2)
	Combined	(u)	(u)	(u)	217.47	217.71 (11/9)	170.82 (30/1)
TORONTO	Composite	1277.8	1282.7	1288.8	1288.6	1288.8 (13/9)	998.2 (30/1)
JOHANNESBURG	Gold	258.5	260.0	262.5	247.4	272.8 (14/8)	183.0 (20/4)
	Industrial	271.1	270.8	268.5	265.0	271.1 (15/9)	194.9 (13/3)

	Sept. 15	Previous	1978 High	1978 Low
Australia (‡)	556.82	556.31	568.22 (15/8)	441.19 (1/3)
Belgium (‖)	100.96	100.97	101.16 (8/9)	90.43 (25/4)
Denmark (**)	96.24	97.02	99.95 (14/8)	94.00 (6/2)
France (††)	76.1	76.2	76.2 (5/8)	47.8 (6/2)
Germany (‡‡)	836.2	837.6	859.3 (11/9)	759.4 (17/5)
Holland (§§)	91.7	92.3	95.1 (11/9)	76.0 (4/4)
Hong Kong (‖‖)	642.60	661.49	707.70 (4/9)	383.44 (13/1)
Italy (¶¶)	76.16	76.53	76.53 (15/9)	55.45 (10/1)
Japan (a)	(c)	427.56	427.75 (5/9)	364.04 (4/10)
Singapore (b)	389.66	391.95	415.50 (2/9)	262.0 (9/1)
Spain (d)	100.51	100.72	110.76 (9/5)	91.86 (17/3)
Sweden (e)	391.52	394.09	405.09 (4/8)	329.74 (2/1)
Switzerl'd (f)	284.6	286.4	325.7 (14/2)	279.0 (23/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975) ‡ Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ‖‖ Hang Seng Bank 31/7/64. ¶¶ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

GERMANY ◆

Sept. 15	Price Dm.	+ or —	Div. %	Yld. %
AEG	83.9	—0.1	—	—
Allianz Versich	525	—2	31.2	5.0
BMW	226.5	+1	28.12	6.2
BASF	140	—0.4	18.76	6.7
Bayer	142	—0.5	18.75	6.6
Bayer-Hypo	292	—1.1	28.12	4.8
Bayer Vereinsbk.	540	—1	18	2.6
Ciba-Geigy Ned. wrts	162		—	—
Commerzbank	230.1	—0.1	26.56	11.5
Conti Gummi	76.8	+0.8	—	—
Daimler Benz	327	+2	28.12	4.3
Degussa	266.5	—1	17	3.2
Demag	165		11	3.3
Deutsche Bank	305.5	+0.5	28.12	4.6
Dresdner Bank	250		28.12	5.6
Dyckerhoff Zemt.	185		9.38	2.5
Gutehoffnung	218.7	—1.3	12	2.7
Hapag Lloyd	116.0	—2.5	14.04	6.0
Harpener	165	—1	16.75	10.2
Hoechst	139.3	—0.2	18.75	6.7
Hoesch	49.5	—0.3	—	—
Horten	180	—0.5	9.36	2.6
Kali und Salz	155.2	+1.2	14.04	4.5
Karstadt	331.5	—0.3	23.44	3.5
Kaufhof	240.5	—1.5	18.72	3.9
Klockner DM100	93	—1	—	—
KHD	184.5	—0.5	18.76	5.1
Krupp	110	—1	—	—
Linde	275	—0.5	25	4.5
Lowenbrau 100	1,598	+18	25	7.8
Lufthansa	107.5	—0.5	9.36	4.4
MAN	207	—0.3	12	2.9
Mannesmann	173.7	—0.8	17.18	4.9
Metallges	251		10	2.0
Munchener Ruck.	630	+20	18	1.4
Neckermann	171.8	+0.3	—	—
Preussag DM 100	151	—1	—	—
Rhein West. Elec.	185.5	+1	25	6.8
Schering	275	+1.5	28.12	5.1
Siemens	298.7	—1.7	25	4.2
Sud Zucker	269	—4	28.94	5.0
Thyssen A.G.	117.5	—0.8	17.18	7.3
Varta	190.5	+0.5	17.18	4.5
VEBA	135.5	—0.8	9.36	3.5
Vereins & West Bk.	294		18	3.1
Volkswagen	238	+0.7	25	5.3

NEW YORK

1978 High	1978 Low	Stock	Sept. 15
34⅛	28¼	Johns Manville	31¾
88½	66	Johnson Johnson	84¾
33½	24¾	Johnson Control	28¾
38⅛	29¾	Joy Manufactur'g	34⅝
29⅛	23⅛	K. Mart Corp.	27⅜
58½	38	Revlon	54
35⅞	25¼	Reynolds Metals	35⅞
64	52¼	Reynolds R. J.	61¼
30⅝	20	Rich'son Merrell	29½
36⅝	28⅛	Rockwell Inter.	34⅞
22⅝	17⅝	Woolworth	21⅝
7¼	5¼	Wyly	6⅜
63½	41	Xerox	56⅞
19⅞	14¾	Zapata	16
18⅞	11⅜	Zenith Radio	16⅝
†95½	93½	U.S. Treas. 4% 1980	†95½
82½	79½	U.S. Treas. 4¼% 75/85	†81¼
7.84%	6.07%	U.S. 90-day bills	7.84%

CANADA

JOHANNESBURG

AUSTRALIA

PARIS

AMSTERDAM

TOKYO

COPENHAGEN

STOCKHOLM

SWITZERLAND

BRUSSELS/LUXEMBOURG

VIENNA

BRAZIL

OSLO

SPAIN

HONG KONG

MILAN

AUTHORISED UNIT TRUSTS

Equity & Law Un. Tr. M.♥ (a)(b)(c)(z)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	74.9	78.8	.....	3.72

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041 204 1321

J. Finlay Internat'l.	26.6	28.8	.....	2.02
Accum. Units	30.9	33.9	.....	2.02
J. Finlay Income	36.8	39.2	...	7.64
J. Finlay Euro.Fin.	28.8	31.3	...	3.71
Accum. Units	33.7	36.4	...	3.71
J. Finlay Fd.In.Tst.	30.2	32.7	...	3.89
Accum. Units	34.6	37.6	...	3.89

Prices September 13. Next dealing September 20

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen	76.2	82.0	.....	4.66
Do. Accum	87.9	94.6	...	4.66
Growth	40.2	43.0	...	2.63
Do. Accum.	43.1	46.1	...	2.63
Capital	30.5	32.6	...	2.85
Do. Accum.	33.3	35.6	...	2.85
Income	56.5	60.4	...	5.95
Do. Accum.	65.4	70.5	...	5.95
International	50.5	54.6	...	2.10
Do Accum	53.9	58.1	...	2.10
High Yield	68.1	72.5	...	7.43
Do Accum	72.2	76.8	...	7.43
Equity Exempt*	108.1	114.1	...	5.49
Do. Accum.*	108.1	114.1	...	5.49

*Prices at Aug 31. Next dealing Sept. 29.

CORAL INDEX: Close 527-532

INSURANCE BASE RATES

†Property Growth 10¼%
†Vanbrugh Guaranteed 9.37%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

J.E.T. Managers (Jersey) Ltd.
PO Box 194 Royal Tst Hse., Jersey 0534 27441

Jersey Extrnl Tst	197.0	209.0	.....	

As at August 31. Next sub day Sept. 29.

Jardine Fleming & Co. Ltd.
46th Floor Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$375.52	.....	1.90
Jardine J'pn Fd.*	HK$390.67	...	0.90
Jardine S.E.A.	$US21.32	...	1.40
Jardine Flem.Int.	HK$12.42	.....	—
Intl.Pac.Secs.(Inc.)	HK$15.01	...	—
Do. (Accum.)	HK15.16	.....	—

NAV Aug. 31. *Equivalent $US82.64 Next sub Sept. 15.

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross St. Helier, Jsy. CI 0534 73741

CMF Ltd. Aug 31	$US13.13	13.66	....	—
CMT Ltd. Aug 31	£13.82	14.18	...	—
Metals Tst. Aug 17	£12.22	12.52	....	—
TMT August 11	$US11.50	11.98	....	—
TMT Ltd. Aug 11	£13.40	13.69	....	—

World Wide Growth Management⊕
10a Boulevard Royal Luxembourg

Worldwide Gth Fd	$US17.11	-0.10	—

NOTES

Prices do not include $ premium except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. ♦ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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Over Fifteen Years

Undated

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LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

Interest Due	Stock	Price £	Last xd	Div % Gross	Red. Yield
—	Antofagasta Rly	24	671	—	—
1J 1J	Do. 5pc Pref.	41	30.5	—	—
1J 1J	Chilean Mixed	98	3.7	—	£3.10
1J 1J	German Yng 4½pc.	411	1.6	4½	—
1M 1N	Greek 7pc Ass.	52	2.5	3½	£6.90
1F 1A	Do. 6pc 28 Stab Ass.	50	1.8	6	£6.04
1A 1O	Do. 4pc Mixed Ass.	42	3.4	4	£5.05

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INDUSTRIALS—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
May Nov.	Ingall Inds 10p	32½	3.4	1.91	1.6	8.8	9.9
Jan. Aug.	Initial Services	89xr	[illegible]	15.06	2.6	8.5	6.9
Dec. June	Inter-City 20p	14½	25.6	0.62	2.7	6.3	8.9
Apr. Dec.	James (John)	52½	27.8	d2.76	2.8	7.9	5.1
June Jan.	James (M.) Inds 20p	15½	10.7	d1.02	ϕ	9.6	ϕ
Nov. June	Jardine M. $HK5	283	25.4	Q67c	2.2	2.8	15.8
Apr. Dec.	Jentique	32	27.3	th2.03	1.3	9.5	13.6
—	Johnson & Barnes	19	1.75	—	—	—	—
Oct. Apr.	Johnson Clnrs.	106xd	4.9	†3.95	4.0	5.6	4.9
Feb. Aug.	Johnson Mthy. £1	473	26.6	13.83	3.6	4.4	9.1
Oct. June	Jourdan (T.) 10p	40	17.4	†2.93	2.7	11.2	4.2
May Dec.	Kalamazoo 10p	34	17.4	†1.98	1.8	8.7	9.7
Jan. July	Kelsey Inds.	106	12.6	3.28	6.6	4.6	5.0
Apr. Dec.	Kennedy Sm. 10p	43	13.2	1.61	ϕ	5.7	ϕ
Nov. April	Kershaw (A.) 5p	£10½xd	4.9	†16.14	2.0	2.3	26.9
Jan. Aug.	Kleen-E-Ze Hldgs.	64	19.7	d4.33	1.9	10.1	7.7
Jan. Aug.	L.C.P. Hlds.	99	10.7	4.66	2.4	7.3	6.8
Dec. Aug.	L.K. Ind'l. Invs.	38	[illegible]	†d2.64	5.0	10.8	5.4
Apr. Jan.	L.R.C. Int. 10p	36	21.8	2.23	1.6	9.4	8.9
May June	Lawtex	68	3.4	2.95	4.8	6.5	4.8
July Nov.	Lead Inds. 50p	163	[illegible]	†7.48	3.3	7.0	6.5
Jan. Aug.	Leadenhall Sterling	122	26.6	4.75	4.4	5.2	6.5
Oct. May	Le Bas (Ed.)	44	30.5	†1.85	4.4	6.3	5.3
Nov. Mar.	Lebolf Fobel 10p	48	21.8	1.79	ϕ	5.6	ϕ
April	Lehns Harris	47	[illegible]	3.32	2.9	10.5	3.8
Jan. July	Leigh Ints. 5p	167	[illegible]	†4.43	2.2	4.0	22.3
Feb. Aug.	Leisure Car. 10p	110xd	4.9	h3.25	2.3	[illegible]	16.3

INSURANCE—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Nov. May	Prudential 5p	157	17.4	16.75	—	6.5	—
Nov. May	Refuge 5p	160	13.3	8.22	—	7.7	—
Jan. May	Royal	378	3.4	†16.7	—	6.7	—
Feb. Oct.	Sedg. Forbes 10p	460xd	4.9	†9.74	3.3	3.2	14.8
Oct. Apr.	Stenhouse	113	7.8	†4.11	2.7	5.4	8.7
Jan. July	Sun Alliance £1	566	15.5	†20.46	—	5.5	—
June Dec.	Sun Life 5p	111	2.5	t3.47	—	4.7	—
April	Taisho Mar. EDR	915	25.3	gQ10%	—	0.5	—
Nov. May	Trade Indemnity	175	[illegible]	[illegible]	—	1.7	5.1
Ma.Ju.Se.De.	Travelers $2.50	£29⅝	2.5	Q$1.68	—	2.9	—
Dec. June	Willis Faber	255	2.5	†7.14	2.6	5.4	11.5

LEISURE

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
May Nov.	Anglia TV 'A'	92	26.6	†4.24	3.1	6.9	7.0
Sept. Feb.	Assoc. Leisure 5p	70½	24.7	3.07	2.7	6.5	6.9
July	Barr & W.A.T. 'A'	141	15.5	d3.78	6.6	3.9	4.8
Jan. July	Black Edgtn. 50p	112	17.4	†4.47	1.9	6.1	13.4
Nov. June	Boosey & Hawkes	175	17.4	5.16	4.6	4.4	7.1
Mar. Nov.	Campari 20p	125	13.3	†1.36	8.3	2.2	5.7
—	Do. 'B'	115	—	—	—	—	—
Apr. Nov.	Coral Leis. 10p	111	2.5	6.09	2.8	8.1	6.5
Jan. June	Grampian 'A' 10p	39	15.5	2.23	2.7	8.5	6.7
Nov. Apr.	Green Group 10p	65xd	30.1	Q4.23	2.5	6.5	9.3
May Oct.	HTV Non-Vtg.	134	3.4	†6.70	2.5	7.4	8.2
Feb. July	Hichette Opt. 10p	35	3.1	2.44	ϕ	11.0	ϕ

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Sept. Mar.	HK Land HK$5	201½	3.5	Q39c	ϕ	2.2	ϕ
Mar. Sept.	Imry Property	345	30.1	b1.62	1.0	0.7	215.1
Apr. Sept.	Intereuropean 10p	35	15.5	†0.1	—	0.4	—
August	Jermyn Invest.	42	26.6	1.62	1.1	5.8	23.5
July Oct.	Land Invest.	42	12.6	1.0	ϕ	3.6	ϕ
Jan. July	Land Secs. 50p	241	12.6	5.40	1.5	3.3	29.5
Mar. Sept.	Do. 5½pc Cnv. '85	£190	27.2	Q5½%	5.7	f3.1	—
Mar. Sept.	Do. 6½% Conv. '85	£160	27.3	Q6½%	5.7	f4.0	—
Mar. Sept.	Do. 10% Conv. '95	£158	27.2	Q10%	5.7	f6.3	—
July Nov.	Law Land 20p	44	30.5	1.02	0.3	3.4	103.2
Oct. Mar.	Lend Lease 50c	256	14.2	Q25%	ϕ	3.3	ϕ
Dec. June	Lon. Prov. Shp. 10p	115	15.5	†0.82	2.6	1.1	53.7
Apr. Dec.	Lon. Shop Prop.	75	13.3	†3.05	0.8	6.1	37.4
Apr. Sept.	Lynton Hdgs. 20p	124	7.8	2.5	2.5	3.0	19.7
Dec. June	MEPC	144	30.5	†1.73	1.9	1.8	44.9
—	Marler Estates	37½	574	ϕ	—	—	47.3
—	McInerney 10p	39	10.7	22.03	ϕ	7.8	ϕ
Mar. Oct.	McKay Secs. 20p	262xd	4.9	1.59	ϕ	0.9	ϕ
Apr. Nov.	Midhurst Wh. 10p	42¼	475	—	—	—	—
April Aug.	Mountview 5p	78	12.6	1.34	6.9	2.6	8.5
Jan. July	Muckiow (A. & J.)	130	15.5	th2.25	1.8	2.6	31.5
Apr. Oct.	Notton	44	13.2	2.03	0.4	6.9	45.2
May Nov.	Peachey	84	15.5	t2.03	—	3.6	—
Jan. July	Prop. Hldg. & Inv.	320	10.7	6.64	1.2	3.1	40.5
Jan. Aug.	Prop. Partnership	108	26.6	112.5	2.8	3.5	22.8
Jan. July	Prop. & Rev. 'A'	328	26.6	5.24	1.6	2.4	39.8

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Barymin	62	—	—	—	—
—	Burma Mines 17½p	13	[illegible]	—	—	—
Aug. Feb.	Cons. Murch. 10c	[illegible]	[illegible]	[illegible]	2.6	[illegible]
November	Northgate C$1	375	[illegible]	—	—	—
Jan. June	R.T.Z.	259	[illegible]	9.5	2.8	5.7
—	Sabina Inds. C$1	45	—	—	—	—
—	Tara Expln. $1	830	—	—	—	—
Nov. July	Tehidy Minerals 10p	74	[illegible]	[illegible]	[illegible]	2.7
October	Yukon Cons. C$1	245	[illegible]	Q7c	2.9	[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- Not comparable.
- Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1978-79. [illegible]

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 33

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

OPTIONS

3-month Call Rates

FINANCIAL TIMES

Monday September 18 1978

Unfair benefits denied by building societies

BY TIM DICKSON

CLAIMS by some financial institutions that building societies enjoy an unfair advantage because they are less rigorously controlled are firmly rejected in evidence to the Wilson Committee inquiry into the City.

Instead the societies complain that Government action in recent years has increasingly distorted the savings market.

The Building Societies Association argues that the nature of the societies' business is specialised and strictly circumscribed.

It cites the requirement that societies should lend only against the security of freehold or leasehold property, controls on the investment of their liquid funds, and the restrictions on the movement's lending.

"This means that societies need a smaller margin of assets over liabilities than do other institutions whose activities are not controlled so tightly."

Turning to the savings market the association refers to very strong competition from the Government.

"Increasingly, over the past few years, this competition has become distorted in that the Government has given fiscal advantages to holders of its own securities."

The 16th issue of National Savings Certificates and low-coupon gilts aimed at higher rate taxpayers are given as examples.

Eye on Europe

Important new developments in Europe are also mentioned in the evidence with the confirmation that two research groups are studying the implications of starting business on the Continent.

The evidence expresses the association's support for legislation to remove the present obstacles to this type of operation. At the moment building societies are prevented by statute from operating outside the UK.

The two research parties are looking at conditions in Belgium and West Germany, countries which are deemed to offer British building societies most scope.

The evidence points out that with foreign establishments, building societies would be well placed to emulate the success of the banks and the insurance companies in benefiting the economy by the contribution to invisibles.

The evidence also shows that building societies took 47 per cent of the personal savings market in 1977, against 9 per cent in 1950.

On changes in the mortgage rate, the association comments: "Building societies try to steer as steady a course as possible. For despite the political and journalistic clamour which surrounds most building society interest rate decisions, societies are convinced that stability is desired by the majority of their investing and borrowing members."

Finance Ministers begin talks on EEC currency stabilisation

BY GUY DE JONQUIERES

BRUSSELS, Sept. 17.

FINANCE MINISTERS of the nine Common Market Governments meet in Brussels tomorrow for their first round of serious bargaining on the practical realisation of the EEC's currency stabilisation plan.

The meeting will provide the first opportunity for a thorough discussion by other EEC countries of the still-secret agreements reached late last week between Chancellor Helmut Schmidt of Germany and President Giscard d'Estaing of France on three of the scheme's key elements.

The points on which the two leaders agreed are reported to be the exchange rate mechanism to be used to link currencies participating in the scheme, the methods of intervention and the nature and size of the proposed European monetary fund.

Before the Franco-German meeting, national monetary experts had narrowed the exhange rate options down to a choice between a weighted "basket" of currencies against which national exchange rates would be set, and a "parity grid," in which EEC currencies would be related directly to one another.

The use of a basket numeraire, such as the European unit of account, is being urged by Britain, France and Italy, because monetary authorities would be required to intervene only when their currencies were pressed against their extreme upper or lower limits in the system.

Because it would identify clearly those currencies which were deviating significantly from their central rates, a basket mechanism would place an onus on countries with persistently strong currencies, as well as on weak-currency members, to take adjustment measures.

Germany and the Netherlands, however, have until now pressed for a parity grid.

The responsibility for intervention would be more widely shared because deviant currencies would be harder to identify and this would lessen the upward pressure on money supply in countries seeking to contain strong currencies.

A parity grid would also place a heavier obligation on countries with relatively high inflation rates and payment deficits to take restrictive action to correct them than would be the case with a basket mechanism.

Other questions which remain to be agreed by Finance Ministers of the Nine include the rules governing central bank intervention under the scheme, the way in which official debts between EEC monetary authorities would be settled, and provisions for parity changes and temporary withdrawal from the system.

Little progress had been made before the Schmidt-Giscard meeting in refining the other main element in the scheme, the planned European monetary fund.

"Dangers for UK," Page 4
Condemned to success, Page 14

Railmen press 35-hour week

BY OUR LABOUR EDITOR

THE National Union of Railwaymen has sent to arbitration a claim for a 35-hour week for its 180,000 members, following rejection of the claim by the British Rail Board.

This was announced yesterday by Mr. Sid Weighell, NUR general secretary, at a signalmen's conference in Southport.

One of British Rail's reasons for rejecting the claim earlier was that it refused to become the first employer to concede the shorter working week.

The claim has put the country's biggest rail union in the lengthening queue of manual workers who regard a shorter working week more as an urgent necessity than as a long-term ambition, ignoring warnings by the Government and the CBI about the cost and effect on UK competitiveness of shorter hours.

On wages generally, Mr. Weighell told the conference that he had not yet given up hope of the trade union movement reaching an understanding on pay policy with the Government "before we move into a winter of discontent."

He added: "It is still not too late in the day for a sensible dialogue between the trade union movement and the Government resulting in an economic contract."

Mr. Weighell was one of the few union leaders who unsuccessfully urged this policy at the recent Trades Union Congress where delegates overwhelmingly opted for free collective bargaining.

The NUR general secretary promised that his union will be making its biggest-ever contribution to the Labour Party's election fund which means it will top the £40,000 mark.

He told the conference: "Things are beginning to move in the right direction on the railways and in public transport now, and it would be disastrous for us to have a change in Government.

"If the Tories were given power to implement their transport policies it would have serious consequences for the future of the railway industry and those employed in it," he warned.

Mr. Weighell promised the signalmen's delegates that the union is seeking an early solution to grade pay problems that have arisen recently at several big signal boxes, including Bethnal Green, Warrington and Glasgow Central.

He admitted: "There are some very important signal boxes where problems are being caused by the stress and strain of new technology."

Postal engineers' hours cut, Labour news, Page 6

Weather

UK TODAY

MAINLY dry, bright periods.

London, S.E., Cent. S., E., S.W., N.W. and Cent. N. England, E. Anglia, E. and W. Midlands, Channel Is, N. and S. Wales
Dry, sunny intervals. Max. 17C (63F).

Lake District, Isle of Man, N.E. England, Borders, S.W. Scotland, Glasgow, N. Ireland
Mostly dry, rather cloudy. Max. 16C (61F).

Edinburgh, Dundee and Aberdeen
Mostly dry, mainly cloudy. Max. 15C (59F).

Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll
Cloudy, a little rain. Max. 14C (57F).

Orkney, Shetland
Cloudy, a little rain Max. 10C (50F).

Outlook: Mostly dry; sunny.

BUSINESS CENTRES

	Y'day midday	°C	°F		Y'day midday	°C	°F
Amstrdm.	C	16	61	London	S	18	64
Athens	F	25	77	Luxmbg.	F	19	66
Barcelona	S	26	79	Madrid	S	30	86
Beirut	S	27	81	Manchstr.	F	15	59
Belfast	C	15	59	Milan	S	25	77
Belgrade	S	20	68	Moscow	C	14	57
Berlin	F	16	61	Munich	S	22	72
Birmghm.	F	16	61	Newcastle	S	15	59
Bristol	S	16	61	Oslo	F	16	61
Brussels	F	19	66	Paris	C	19	66
Budapest	S	22	72	Prague	S	23	73
Cardiff	S	16	61	Reykjavik	C	8	46
Cologne	C	15	59	Rome	S	26	79
Copnhagn.	F	15	59	Stockholm	F	18	64
Dublin	F	15	59	Strasbrg.	S	23	73
Edinbrgh.	S	13	55	Tel Aviv	F	27	81
Frankfurt	F	22	72	Vienna	S	25	77
Geneva	S	21	70	Warsaw	S	20	68
Glasgow	F	12	54	Zurich	S	21	70
Lisbon	S	[illegible]	79				

HOLIDAY RESORTS

	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	S	25	77	Las Plms.	F	31	88
Algiers	S	28	82	Locarno	S	23	73
Biarritz	S	22	72	Majorca	S	27	81
Blackpool	F	14	57	Malaga	S	26	79
Bordeaux	S	28	82	Malta	S	28	82
Boulogne	F	16	61	Mexico	S	25	77
Casablnca.	F	24	75	Naples	S	29	84
Corfu	S	26	79	Nice	S	23	73
Dubrovnik	S	25	77	Oporto	C	19	66
Faro	S	27	81	Rhodes	S	[illegible]	[illegible]
Florence	S	20	68	Salzburg	S	23	73
Funchal	S	23	73	Tangier	S	29	84
Gibraltar	S	25	77	Tenerife	F	29	84
Guernsey	C	17	63	Tunis	S	27	81
Innsbruck	S	23	73	Valencia	S	27	81
I. of Man	S	14	57	Venice	S	23	73
[illegible]	[illegible]	17	63				

C—Cloudy. F—Fair. R—Rain. S—Sunny

Immigrant vote drive launched by Tories

BY RICHARD EVANS, LOBBY EDITOR

THE CONSERVATIVE Party is to launch a campaign this week to attract immigrant votes that could be a crucial factor in a number of constituencies at the next General Election.

Tory tacticians believe that in a closely-fought election winning or losing could depend on the choice made by immigrants, and they fear that at present Labour is attracting more support among ethnic minorities than Conservatives.

Advertisements setting out Tory policy on immigration will be appearing in 14 ethnic newspapers this month in an attempt to counter what is felt to be the deliberate distortion of party policy that followed Mrs. Thatcher's controversial statement earlier this year on the need to curb immigration.

The advertisement points out that Conservatives believe community relations would be seriously harmed if immigrants felt threatened by unlimited numbers of new arrivals. It goes on:

"So the Conservative policy is to encourage harmonious relations by relieving this fear. Fair but firm immigration policies will allow everyone the chance of a better life."

The message is translated into five languages—Punjabi, Gujarati, Urdu, Hindi and Bengali—as well as printed in English for West Indian papers. The estimate is that it should reach half the West Indian population and three-quarters of the Asian community in Britain.

Under the heading "Why you should vote Conservative" the advertisement states: "You have nothing to fear from a Conservative Government . . . We want to do away with the label 'immigrant' . . . Fears have been aroused, often for political ends, that the Conservatives will send immigrants home. But this is a lie. We have repeatedly stated that there can be no question of compulsory repatriation."

The campaign was planned last May as part of the current major campaign on poster sites, television and in the cinema aimed at projecting the Tory Party and denigrating the Labour Government. The original purpose was to counter the normal improvement in a government's standing during the long summer recess but the scale increased when it was assumed that there would be an autumn election.

Meanwhile, members of the Shadow Cabinet are resuming their planned nation-wide tours that would have been cancelled had there been an October poll. Mr. John Nott, shadow Trade Minister, is to tour Bristol, the Midlands and the North-West.

Steel given mandate for election deals

BY RICHARD EVANS AND ELINOR GOODMAN

TO THE relief of leading Liberals, Mr. David Steel succeeded in securing the mandate he sought to negotiate the details of any deal he might have to make with either of the major parties following a closely contested General Election.

This was one of the few gains from the ill-fated annual conference that ended in Southport on Saturday. "If adversity is good for the soul I think all our prospects for redemption must really have improved," Mr. Steel told delegates. In his view the party remained "bloody but unbowed."

In a hard-hitting speech aimed at raising shattered party morale Mr. Steel warned both Labour and Tory parties that his aim was to smash their "cosy cartel" by making electoral reform a pre-condition of any agreement.

The need to protect the environment and conserve the world's resources is also likely to become an increasingly familiar theme of Liberal speeches in a run-up to the General Election

His speech touched on all the issues most dear to Liberal activists, like electoral reform, the conspiracy between the big parties, and racialism. He made it clear again that any pact with the Tories would require a change in Mrs. Thatcher's attitude to race.

A fundamental condition of any participation in a possible Tory administration would have to be an end to the "racialism that has so pervaded the thinking of the Conservative Party," he said.

Mr. Jeremy Thorpe, the former leader whose controversial visit to Southport dominated much of the Assembly, issued a statement yesterday rejecting a report that £40,000 paid to party funds during his leadership could not be accounted for. He said that full details of the donation were sent last Friday to solicitors of the donor—Mr. Jack Hayward, the property millionaire—by his own legal representatives.

● Mr. John Pardoe, Liberal deputy leader, declared his backing yesterday for the IRA demand that Britain should declare its intention to leave Ulster. "It is the only point I agree with them on," he said in an interview on Irish radio.

Editorial Comment, Page 14

Continued from Page 1

Public employees

ment's only weapon was public opinion. But if such settlements were obtained prices would rise rapidly, and those with the biggest industrial muscle would get "the biggest slice of the cake."

He admitted that, having decided against an October election, the Government might have a difficult winter ahead.

Mr. Healey, speaking in Brighton, said that the latest retail price index figure showed that inflation would stay in single figures into early 1979 and, if the pay guidelines were observed, for the rest of next year. Addressing critics of both the Left and Right, he said: "Output and investment continue to rise fast, the supply of money is under firm control, and we are paying our way in the world."

The most public indicator of the "going rate" of settlements could again be the Ford settlement. Negotiations on a claim for 25 per cent more and a 35-hour week begin this week. Last year Ford settled at over 12 per cent against a norm of 10 per cent.

UNLUCKY SHIP HAS HOPES OF FERRYING FREIGHT

Manx Viking may sail today

BY JOHN GRIFFITHS

ROLL-ON ROLL-OFF freight services between Heysham and the Isle of Man are expected to resume this morning, after engineers succeeded in partially overcoming the latest in what has been described as "an almost unbelievable series of misfortunes" to hit Manx Line, owners of the new £7m freight and passenger ferry operation.

Since its scheduled start-up date of June 1, the service has operated on only 14 days.

The company estimated yesterday that difficulties which have beset its vessel, the 2,700-ton Manx Viking, have resulted in revenue losses exceeding £1m. Over £300,000 has been paid out in passenger refunds.

A week ago one of the vessel's two French-built turbo-charged engines failed. Passenger services were cancelled but the company hoped to be allowed to continue to run a freight service, using the remaining engine.

Board of Trade inspectors arrived on the island on Tuesday to test the surviving engine and this, too, was found to be faulty, with water in five of its 12 cylinders.

On the same day the engine which originally gave trouble was found to have its crankshaft damaged "beyond repair," it was reported.

A replacement is due to arrive on Wednesday with a team of French engineers to instal it, but according to Mr. Geoff Duke, the former world motorcycle racing champion who is the company's joint managing director, repair is likely to take "at least 10 days."

Under Board of Trade regulations no passengers may be carried until both engines are operational.

Over the week-end, however, engineers have re-started one engine, and the company was expecting that today it would be able to start clearing the backlog of freight which has been building up both at Heysham and on the island.

Over 40 container and other freight vehicles are awaiting loading at Heysham. A considerable amount of traffic has been diverted to Manx Line's established rival, the Isle of Man Steam Packet Company, which operates to six mainland ports but which lacks full ro-ro facilities.

The problem has been greatly exacerbated by the presence in the island throughout the week of competitors and spectators for the Manx international motor rally, involving shipment of nearly 1,000 vehicles and several thousand extra passengers to and from the island. Some participants have been warned that they may be unable to leave until Wednesday.

The original launch date for the service was missed when conversions to the vessel to allow through-bow loading, scheduled to be completed at Leith by early May, were hit first by a three-week strike of crane drivers and lockgate operators, then by a fire which broke out during welding on the vessel.

Manx Viking left Leith on July 29. Thus the ship had already missed her potentially most lucrative working week: the island's motor-cycle TT races in early June.

She arrived at Heysham for Board of Trade passenger certification at the end of July but, according to Mr. Duke, "faults and uncompleted work were found on the bow-loading installation."

The vessel did not sail with its first load of passengers and cargo until towards the end of August.

Earlier, an attempt by the company to use an alternative vessel to meet the original start-up schedule had failed when the ship chosen, a Sea-Link ferry, was found to have intractable problems with its stern loading door only a week before she was due to enter charter service.

The misfortunes had resulted in "a terrific drain on our resources," Mr. Duke said last night. "We had been expecting adequate cash flow in July. Our new investors have been brought in to boost the capital base of the company."

Manx Line is privately owned, with Mr. Duke and a Preston businessman, Mr. John Counsell, as joint managing directors. Four companies have a stake in Manx Line, plus a number of individuals on the island who have supported the roll-on roll-off operation as meeting a long-standing need to improve the island's economic welfare.

The Manx Government and business interests on the island in the past have cited the lack of roll-on roll-off facilities as one of the most quoted objections by mainland companies to investing in productive capacity on the island.

Apart from the £6m spent on buying and converting the ferry itself—which was bought from the Spanish Aznar Line early this year—Manx Line has spent over £1m on a special terminal which allows Manx Viking to berth in Douglas's shallow harbour almost irrespective of sea conditions.

THE LEX COLUMN

Turning dividends into equity

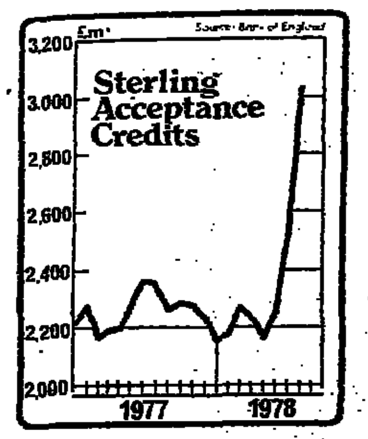
Dividend reinvestment is the name of a new craze currently sweeping the U.S. financial scene and which could well have attractions in the UK. The idea is that a company gives its shareholders the option of either receiving their dividends in cash, or of having them re-invested in new shares. An added bonus in many cases is that the dividends can be reinvested to acquire shares at 95 per cent of their present market value.

Dividend reinvestment—with companies sponsoring schemes to acquire shares in the market—has a history going back to the 1960s in the U.S. But it was not until mid-1975 that American Telephone and Telegraph first offered its shareholders the added inducement of a 5 per cent discount to buy new AT and T shares. The idea has spread rapidly in the past three years and today at least 43 companies, double the number a year ago, offer their shareholders similar plans. The companies involved extend beyond utilities, and include Allied Chemical, Carter Hawley Hale, International Paper, and Standard Brands.

Nor has the flow been all one-way. The Wall Street investment house, Salomon Brothers, estimates that during 1977 these reinvestment plans provided the companies involved with new equity capital totalling some $1bn — an estimated 10 per cent of all the new equity financing for the period.

A surprising aspect is that there is no tax advantage to U.S. shareholders in opting for reinvestment in new shares. It is simply a matter of the advantage gained from the 5 per cent discount (which is taxable as part of the imputed dividend) and the absence of brokerage costs. Typically, the latter can vary considerably, but are unlikely to be cheap in the case of small deals.

Why is there nothing similar in the UK? Stock dividend schemes were operated about five years ago by a number of companies, providing a significant advantage to high-rate taxpayers. But that loophole was closed. The only difference between the U.S. and the UK positions now is that Britain has very high rates of personal tax—a factor which might militate against reinvestment schemes here, assuming that such shareholders need cash to pay their tax bills. On the other hand, it is no longer practicable for small shareholders to buy small parcels of the shares they are already invested in. Dividend reinvestment could provide a solution for some—and help stem the tide of institutional dominance over the stock market.



Acceptances

One of the most revealing statistics in last week's money supply figures was the very sharp rise in bankers' acceptances. During the August banking month, they jumped by over a fifth and since the "corset" was announced in June they have risen by £876m, to over £3bn—their highest level ever. By comparison, sterling advances to the UK private sector rose by only £1.08bn.

It is clear that as the corset begins to bite borrowers are being encouraged to look for fresh sources of finance that will not swell the banks' balance sheets, and acceptances are a cheap and attractive alternative. Immediately ahead of the announcement of the "corset" eligible banks bills were yielding a ¼ of a percentage point over bank base rates while for fine trade bills the gap was around ¾ of one per cent. Since then there has been a complete somersault—eligible bank bills are now ¾ of a percentage point below bank base rates and fine trade bills are an ⅛ of a per cent or so. It is not hard to see why there has been such a rush into acceptances by corporate borrowers.

However, there is a limit to the volume of acceptances that the discount market can digest, since they push up the houses' undefined asset multiple which is set at a maximum of 20 times shareholders' funds. Consequently, there have been suggestions that an inter-company market is once again emerging, with companies lending surplus cash to company B and by-passing the banking system. At the moment there is little evidence that this is occuring on any scale.

Nevertheless, if the corset really begins to bite towards the end of the year there is a danger that an unregulated inter-company market might start to appear. The last time it flourished was in the early 1970s and a number of corporate treasurers burnt their fingers when Rolls-Royce, which had been active in this market, went under. The authorities would hate to see such a market appear again. One way to prevent this happening might be to foster an orderly market in commercial paper which the bank could oversee. But the clearing banks might not like this since it could threaten them even more.

Laird Group

The Laird Group's interim profits are up from just over £4m to £4.8m pre-tax, and the main reason is that the railway steel business has dragged itself up from the bottom after scarcely breaking even last year. Prices and volume are up a little, and product improvements mean that as much output is coming from ... shifts a week as used to come from 21.

So profits on this side could be the best part of £1m higher and the transport engineering and motor component businesses are also doing well. Capacity rather than demand is the main constraint in railway carriages and substantial new capacity is being installed both here and on the components side.

The weak spot has been Western Shiprepairers, which lost £800,000 last year and ... be £400,000 pre-tax in the first half of 1978. It has now been shut, at an after tax cost of £700,000, and with this out of the way group profits for the year could be nearer £11m than £10m, against £9.1m pre-tax in 1977. In that case, the dividend could rise by nearly a ... under the new legislation.

Laird is still looking around for acquisitions, but most of its cash balances will disappear into fixed assets and working capital this year. News on nationalisation terms should not be too far away: meanwhile the prospective yield could be up to 5½ per cent, and the market capitalisation at 9... is £41m.

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